VISIT BATON ROUGE

FINANCIAL REPORT

DECEMBER 31, 2018

Postlethwaite & Netterville
A Professional Accounting Corporation
www.pncpa.com

VISIT BATON ROUGE

FINANCIAL REPORT

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Visit Baton Rouge
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Visit Baton Rouge (VBR) as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise VBR's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Visit Baton Rouge as of December 31, 2018, 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.

Emphasis of a Matter

As described in Note 7 to the financial statements, in 2018, Visit Baton Rouge adopted Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. This new standard requires Visit Baton Rouge to recognize and report its total other post-employment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of funding progress and employer contributions for other post-employment benefit plan, and the budgetary comparison information on pages 4-9, 25, and 26-27, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Visit Baton Rouge basic financial statements. The schedule of compensation, benefits and other payments to the Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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Other Supplemental Information (continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2019 on our consideration of VBR's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 VBR's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
April 25, 2019

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

This section of Visit Baton Rouge's (VBR) annual financial report presents our discussion and analysis of VBR's financial performance during the fiscal year that ended on December 31, 2018. Please read it in conjunction with VBR's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- VBR's net position was $5,499,516 which included $50,000 related to the BP grants at December 31, 2018, an increase of 1.44% from restated net position as of December 31, 2017 of $5,421,317 which included $150,000 related to the BP grants.
- The overall increase in VBR's net position of $78,199 can be attributed primarily to an operating surplus in the general fund that resulted from revenues exceeding expenditures in the current year due to new additional 1% occupancy tax that was effective April 1, 2018 and generated approximately $960,000 additional revenue during the year.
- The general fund ended the years 2018 and 2017 with a $4,678,727 and $4,448,536 fund balance which represents approximately 94% of annual expenditures each year. Of that balance, $1,294,200 and $3,151,475, respectively, was unassigned and available for general use.
- VBR received grant funds (BP Grant Funds) of $150,000 in 2017 from BP related to the 2010 Deepwater Horizon oil spill in the Gulf of Mexico to sponsor events in the Baton Rouge area to increase tourism. This funding has been used to purchase billboard advertisements.
- VBR adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement required VBR to recognize and report its total other post-employment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. The effects of the implementation were applied directly to net position as of December 31, 2017, and thus VBR restated its net position as of December 31, 2017. See Note 1 to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of VBR:

- The government-wide financial statement of net position and statement of activities provide long-term information about VBR's overall financial status and economic condition.
- The fund financial statements focus on the general fund and the special revenue fund of VBR. These financial statements provide a short-term picture of VBR's financial condition, telling how VBR fared in meeting its current operating needs, and how much is available for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Financial Statements

The government-wide statements report information about VBR as a whole using accounting methods similar to those used by private-sector companies. The government-wide statements report VBR's net position and how they have changed. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Net position — the difference between VBR's assets and liabilities — is one way to measure VBR's financial health, or position. Over time, increases or decreases in VBR's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of VBR, one needs to consider additional nonfinancial factors such as changes in the tourism climate that affects VBR's hotel/motel tax revenues, and the local economy.

Fund Financial Statements

The fund financial statements present VBR's funds – the general fund and the special revenue fund. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes. VBR's general fund and special revenue fund are governmental-type funds and, as such, follow the modified accrual basis of accounting. Under this accounting basis, the focus is on (1) how cash and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, governmental fund statements provide a detailed short-term view that helps one determine whether there are more or less financial resources that can be spent in the near future to finance VBR's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide adjustment columns to bridge the differences between the two statements and to provide explanations of the relationship.

FINANCIAL ANALYSIS OF VBR

Table A-1
Net Position

	2018	**2017, restated**
Current and other assets	$ 4,950,770	$ 4,816,980
Capital assets	1,411,824	1,491,892
Deferred outflow	2,372	-
Total assets and deferred outflows	**6,364,966**	**6,308,872**
Current liabilities	222,043	218,444
Long term liabilities	632,821	669,111
Deferred inflow	10,586	-
Total liabilities and deferred inflows	**865,450**	**887,555**
Net position		
Net investment in capital assets	928,024	974,892
Restricted – BP grant	50,000	150,000
Unrestricted	4,521,492	4,292,825
Total net position	**$ 5,499,516**	**$ 5,421,317**

FINANCIAL ANALYSIS OF VBR (continued)

A substantial portion of the assets of VBR are liquid and generally available for spending. Current assets are comprised primarily of cash, LAMP funds and receivables. Amounts invested in capital assets consist primarily of a renovated office building, office furniture and vehicles.

Change in net position

VBR's change in net position, or overall net gain, was $78,199. The change in net position results from revenues exceeding expenses. The net gain is primarily attributable to VBR receiving an additional 1% of hotel tax revenue as discussed below and lower than projected expenses.

Table A-2 shows the composition of revenues and summarizes the expenses for the years ended 2018 and 2017.

Table A-2
Changes in VBR's
Net Position

	2018	2017
Revenues		
Program revenues		
Charges for services	$ 1,624	$ -
BP grants	-	150,000
Total program revenues	**1,624**	**150,000**
General revenues		
Hotel-Motel taxes	5,118,736	4,750,294
Interest	74,012	36,034
Miscellaneous	39,210	13,761
Total general revenues	**5,231,958**	**4,800,089**
Total revenues	**5,233,582**	**4,950,089**
Expenses		
Payroll	1,794,247	1,763,349
Promotions	2,278,753	2,018,205
General and Administrative	741,766	657,570
City tax rebates (see footnote 11)	145,617	98,645
BP grant expenses	100,000	100,000
Contributions- other organizations	95,000	95,000
Total expenses	**5,155,383**	**4,732,769**
Increase in net position	**$ 78,199**	**$ 217,320**

Change in net position (continued)

Hotel-Motel taxes of $5,118,736 reflect a 7.8% increase over 2017 revenues. Revenues for the year ended 2018 increased due to East Baton Rouge Parish approving a proposition for VBR to levy and collect an additional two (2%) percent tax upon the paid occupancy of hotel rooms located within East Baton Rouge Parish, but not located within the municipalities of Baker, Central or Zachary, or the area within the boundaries of the Baton Rouge North Economic Development District. The tax began on April 1, 2018, and thereafter, in perpetuity, to be levied and collected by Visit Baton Rouge and used (after paying reasonable and necessary costs and expenses of collecting and administering such tax) fifty percent (50%) for the operation, maintenance and construction improvements to the Raising Cane's River Center and fifty percent (50%) for the operational and capital expenses of Visit Baton Rouge. Hotel-Motel taxes represents approximately 97.8% and 96% of total revenues for 2018 and 2017, respectively.

Payroll and promotional activities together represent 79% and 80% of total expenses in 2018 and 2017, respectively, underscoring the importance of quality employees to promote and sell Baton Rouge as a tourism and convention destination.

Financial Analysis of the General Fund and Special Revenue Funds

VBR completed the years ended 2018 and 2017 with a general fund balance of $4,678,727 and $4,448,536, respectively. Of the 2018 fund balance, $3,215,709 has been set-aside by the Board for various functions, $168,818 has been disbursed and is recorded as a prepaid asset, and $1,294,200 is available for general use. The unassigned fund balance is the result of an accumulation of prior year operating surpluses and will allow VBR to continue operations in times of decreasing revenue and to pursue other projects as it may deem appropriate.

The BP grant funds had a beginning fund balance of $150,000. During 2018, $100,000 was disbursed for related expenses, primarily related to advertising. The restricted portion of the BP grants will be used for advertising and promotion of Baton Rouge in the upcoming year.

General Fund Budgetary Highlights

Under the budget, the general fund operated at a net surplus of $230,191 which was $673,268 more favorable than the budgeted operating deficit of $443,077. This favorable result is attributable to VBR receiving more tax revenues over the budget amount and due to less spending then budgeted by VBR for special promotions and G&A expenses.

CAPITAL ASSETS

At the end of December 31, 2018 and 2017, VBR had invested $1,411,824 and $1,491,892, respectively, in a building, office equipment and vehicles. See Table A-3. This amount represents a net decrease (including additions and deductions) of $80,068 or 5.37% from last year.

CAPITAL ASSETS (continued)

	Table A-3 VBR's Capital Assets (net of depreciation) (See also Note 4 in the financial statements)	
	2018	**2017**
Equipment	$ 367,254	$ 358,327
Building	1,453,790	1,453,790
Land	220,000	220,000
Automobiles	22,706	22,706
Accumulated depreciation	(651,926)	(562,931)
Total	**$ 1,411,824**	**$ 1,491,892**

This year's major changes to Capital Assets included:

- Removal of approximately $16,643 of fully depreciated assets (accounting records only). During the year, VBR purchased computers and additional equipment.

LONG TERM DEBT

On September 21, 2007, VBR entered into an intergovernmental contract with the City of Baton Rouge, Louisiana to borrow $1,000,000 for the purpose of paying for the improvement, renovation and equipping of the new headquarters of VBR. VBR utilized $750,000 of the $1,000,000 available. The outstanding balance at December 31, 2018 and 2017 was $483,800 and $517,000, respectively.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In 2013, Visit Baton Rouge approved the funding of post employment medical and long term care for retired employees for the first time. Prior to 2013, no benefits of any type were offered to retired employees. During fiscal year ended December 31, 2018, Visit Baton Rouge implemented GASB 75. See note 1 Significant Policies for the effect on the statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

VBR's primary source of revenue is the Hotel-Motel tax. Revenues for 2019 have been budgeted based on the original amount budgeted for 2018, considering changes in planned events, not the actual revenue received. Visit Baton Rouge has committed to funding the return of the Bayou Country Superfest to Baton Rouge during 2019. This event attracts numerous people to the Capital City for the weekend concert event. Baton Rouge has also been selected to host the 2019 US Youth Soccer Southern Regional Championships as part of the US Youth Soccer National Championship Series. The event will attract more than 200 teams to the area along with their friends and family.

CONTACTING VBR'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and other constituents with a general overview of VBR's finances and to demonstrate VBR's accountability for the money it receives. If you have questions about this report or need additional financial information, contact VBR's Chief Executive Officer, Paul Arrigo, 359 Third Street, Baton Rouge, LA 70801 – (225) 383-1825.

VISIT BATON ROUGE
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	General Fund	BP Grants	Adjustments	Statement of Net Position
ASSETS				
Current assets:				
Cash and cash equivalents	$ 841,802	$ -	$ -	$ 841,802
Cash - board designated	3,215,709	-	-	3,215,709
Receivables	674,441	-	-	674,441
Prepaid expenses	168,818	50,000	-	218,818
Capital assets, net of accumulated depreciation	-	-	1,411,824	1,411,824
TOTAL ASSETS	4,900,770	50,000	1,411,824	6,362,594
DEFERRED OUTFLOWS	-	-	2,372	2,372
LIABILITIES				
Accounts payable	208,882	-	-	208,882
Other current liabilities	13,161	-	-	13,161
Long-term liabilities				
Due within one year	-	-	33,200	33,200
Due in more than one year	-	-	450,600	450,600
Other post-employment benefit obligation	-	-	149,021	149,021
TOTAL LIABILITIES	222,043	-	632,821	854,864
DEFERRED INFLOWS	-	-	10,586	10,586
FUND BALANCES/NET POSITION				
Nonspendable - prepaids	168,818	-	(168,818)	-
Restricted - BP grant	-	50,000	(50,000)	-
Committed	3,215,709	-	(3,215,709)	-
Unassigned	1,294,200	-	(1,294,200)	-
TOTAL FUND BALANCE	4,678,727	50,000	(4,728,727)	-
TOTAL LIABILITIES AND FUND BALANCE	$ 4,900,770	$ 50,000		
Net position:				
Net investment in capital assets			928,024	928,024
Restricted for BP grants			50,000	50,000
Unrestricted			4,521,492	4,521,492
TOTAL NET POSITION			$ 5,499,516	$ 5,499,516

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total fund balances - Governmental funds		$ 4,728,727
Cost of capital assets at December 31, 2018	2,063,750	
Less: accumulated depreciation as of December 31, 2018	(651,926)	1,411,824
Other post-employment benefits obligation		(149,021)
Deferred inflows of resources related to OPEB liability		(10,586)
Deferred outflows of resources related to OPEB liability		2,372
Contract payable		(483,800)
Net position at December 31, 2018 - Governmental Activities		$ 5,499,516

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	BP Grants	Adjustments	Statement of Activities
Expenditures/expenses:				
Salaries and commissions	$ 1,338,130	$ -	$ -	$ 1,338,130
Payroll taxes and benefits	456,117	-	-	456,117
Advertising and promotion	1,823,354	100,000	-	1,923,354
Trade shows and FAM/Site visits	134,088	-	-	134,088
Special promotions	321,311	-	-	321,311
General and administrative	617,838	-	-	617,838
Contributions to Baton Rouge Area Sports Foundation	95,000	-	-	95,000
Debt service:				
Interest expense	13,166	-	-	13,166
Principal retirement	33,200	-	(33,200)	-
Capital outlay	25,570	-	(25,570)	-
Other post-employment benefit obligation	-	-	5,124	5,124
City tax rebate	145,617	-	-	145,617
Depreciation expense	-	-	105,638	105,638
Total expenditures/expenses	5,003,391	100,000	51,992	5,155,383
Program revenues:				
Charges for services	1,624	-	-	1,624
Total program revenues	1,624	-	-	1,624
Net program expense				5,153,759
General revenues:				
Tax revenue	5,118,736	-	-	5,118,736
Interest income	74,012	-	-	74,012
Miscellaneous income	39,210	-	-	39,210
Total general revenues	5,231,958	-	-	5,231,958
Total revenues	5,233,582	-	-	5,233,582
Excess of revenues over expenditures/ change in net position	230,191	(100,000)	(51,992)	78,199
Fund balance/net position				
Beginning of year, restated (see Note 1)	4,448,536	150,000		5,421,317
End of year	$ 4,678,727	$ 50,000		$ 5,499,516

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2018

Excess of revenues over expenditures		$ 130,191
The change in net position reported for governmental activities in the statement of activities is different because of:		
Capital assets:		
Capital assets acquired for the year ended December 31, 2018	25,570	
Depreciation expense for year ended December 31, 2018	(105,638)	(80,068)
Other post-employment benefit obligation		(5,124)
Long Term Debt:		
Principal portion of debt service payments		33,200
Change in net position		$ 78,199

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

Visit Baton Rouge is a governmental entity established to promote travel and tourism in the Baton Rouge area. VBR is also responsible for attracting conventions to Baton Rouge. The basic operations of VBR are financed by hotel-motel taxes.

Reporting Entity

Governmental Accounting Standards Board (GASB) Statement 14, as amended by Statement 61, establishes criteria for determining the governmental reporting entity and component units that should be included within a reporting entity. Under provisions of this Statement, VBR is considered a primary government, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, as amended, fiscally independent means that VBR may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. VBR also has no *component units*, defined by the standards as other legally separate organizations for which the elected VBR members are financially accountable. There are no other primary governments with which VBR has a significant relationship. VBR is not a component unit of any other entity.

Allowance for Uncollectible Accounts

Allowance for uncollectible accounts is established based on prior experience and management's assessment of collectability. Management believes all accounts are collectible at December 31, 2018.

Basis of Presentation and Accounting

VBR's basic financial statements consist of the government-wide statements of the primary government. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent they have been made authoritative under Governmental Accounting Standards Statement 62, Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA pronouncements. The following are VBR's governmental fund types:

Governmental Fund Types:

VBR reports the following governmental funds as major funds:

General Fund: The General Fund is the general operating fund of VBR. It accounts for all financial resources except those required to be accounted for in other funds. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Special Revenue Fund: Special Revenue Funds account for the proceeds received from BP (BP Grants) to sponsor events in the Baton Rouge area to increase tourism.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Basis of Presentation and Accounting (continued)

Government-Wide Financial Statements (GWFS): The government-wide financial statements consisting of the statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. These statements include the financial activities of the overall government.

The statement of net position presents the assets, deferred outflows, liabilities and deferred inflows of VBR, with the difference reported as net position. Net position is further segregated between the amounts invested in capital assets, amounts which are restricted, and amounts which are unrestricted.

The statement of activities presents a comparison between expenses and program revenues for VBR's governmental activities. Program revenues include charges paid by the recipients of goods or services offered by VBR.

Fund Financial Statements (FFS): The fund financial statements provide information about VBR's general fund and special revenue fund. As a governmental fund type, the general fund and special revenue fund statements' measurement focus is on the flow of current financial resources, and the modified accrual basis of accounting is used. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets (fund balance).

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – represents balances where constraints have been established by parties outside VBR or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of VBR's highest level of decision-making authority.

Assigned – represents balances that are constrained by VBR's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Net Position

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. The restricted component of net position is used when there are limitations imposed on their use of an asset by external parties such as creditors, grantors, laws or regulations of other governments.

The *unrestricted* component of Net Position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of Net Position.

When both restricted and unrestricted resources are available for use for a particular project or purpose, it is VBR's policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

Estimates

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

Budgets and Budgetary Accounting

VBR adopts an annual budget that is prepared on the modified accrual basis of accounting for the General Fund and the Special Revenue Funds used in VBR's operations. The budgets are adopted by the board of directors at the December meeting proceeding the next fiscal year. Any revisions that alter the total expenses must be approved by the board of directors. Since most budgeted projects occur within one fiscal year, VBR typically does not have any carryovers of appropriated expenditures into future fiscal years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

All full-time employees earn from 10 to 15 days of vacation leave each year, depending on length of service with VBR. Vacation leave cannot be accumulated. Upon separation, all earned unused vacation leave for that year will be paid.

All full-time employees earn 10 days of sick leave each year. Sick leave may be accumulated not to exceed 20 work days. If an employee resigns or is terminated, the employee will not be paid for any unused sick leave.

The cost of compensated absence privileges is recognized as a current year expenditure in the General Fund when leave is actually taken.

Capital Assets

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual historical cost is not available. Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated lives. Useful lives vary from 3 to 15 years for VBR's equipment. The useful life for the building is 40 years. Capital assets are depreciated once they are placed in service, except for assets purchased after July 1. Those assets purchased after July 1 are depreciated beginning the following year.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Costs are recorded as expenditures at the time individual items are consumed (consumption method).

Current Year Adoption of New Accounting Standard and Restatement of Net Position

During 2018, VBR adopted Government Accounting Standards Board (GASB) Statement Number 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The net effect to Visit Baton Rouge's Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is as follows:

	Governmental Activities
Total Net Position, December 31, 2017 as previously reported	$ 5,493,928
Reverse post-employment benefit obligation December 31, 2017	79,500
Record total post-employment benefit liability December 31, 2017	(152,111)
Net effect	(72,611)
Total Net Position, December 31, 2017, Restated	$ 5,421,317

2. BOARD MEMBER COMPENSATION

The Board Members of VBR did not receive any compensation during 2018.

3. CASH AND INVESTMENTS

The $3,215,709 in cash and cash equivalents is invested in LAMP. LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

The following facts are relevant for LAMP:

- 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 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: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 50 days as of December 31, 2018.

- Foreign currency risk: Not applicable.

LAMP values its investments at fair value based on quoted market values. The fair value 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 which approximates net asset value (NAV).

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

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

4. **CAPITAL ASSETS**

	2018			
	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	$ 358,327	$ 25,570	$ (16,643)	$ 367,254
Building	1,453,790	-	-	1,453,790
Land	220,000	-	-	220,000
Automobiles	22,706	-	-	22,706
	$ 2,054,823	25,570	(16,643)	$ 2,063,750
Less: Accumulated Depreciation	$ 562,931	105,638	(16,643)	$ 651,926
Net Capital Assets	$ 1,491,892			$ 1,411,824

5. **COMMITTED FUND BALANCE**

The board has committed $3,215,709 of fund balance for special projects, operations, OPEB L/T retirement and building repairs. Separate accounts have been established to hold assets earmarked for these committed purposes. A summary of these accounts is as follows:

	2018			
	Beginning Balance	Additions	Deletions	Ending Balance
LAMP – Special Project Account	$ 370,426	579,393	(-)	$ 949,819
LAMP – Contingency Fund	475,495	1,239,851	(15,346)	1,700,000
LAMP – OPEB L/T Retirement	15,221	50,669	(-)	65,890
LAMP – Building Repair Account	190,198	314,954	(5,152)	500,000
	$ 1,051,340	$ 2,184,867	($ 20,498)	$ 3,215,709

6. **RETIREMENT PLAN**

VBR contributed 10% in 2018, of each eligible employee's salary to an employee defined contribution retirement plan. In order to be eligible under the plan, the employee must have completed 40 hours of service and 90 day probationary period. Employees are 100% vested at the time of eligibility. VBR contributed $111,502 for the year ended December 31, 2018. Effective January 1, 2013, part-time employees were no longer covered under the Plan.

7. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan description – Visit Baton Rouge provides certain continuing health care and insurance benefits for its retirees. Visit Baton Rouge's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by Visit Baton Rouge (VBR). Current employees are eligible for these plan benefits if they retire as members of the VBR sponsored retirement plan. These benefits are provided through an Other Post Employment Benefit Plan (the OPEB Plan) categorized as a single-employer defined benefit plan that VBR administers. VBR's board has the authority to establish and/or amend the obligation of the employer, employees and retirees as provided by Louisiana Revised Statute Title 17 Sections 1221 through 1224. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided – Medical benefits to retirees are provided through an insured program. The plan provisions are contained in the official plan documents. The retirement eligibility provisions are attainment of age 62 and completion of 15 years of service.

Employees covered by benefit terms – The December 31, 2018 total OPEB liability was determined using the January 1, 2018 (valuation date) actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	16
	17

Total OPEB Liability

The Entity's total OPEB liability of $149,021 was measured as of December 31, 2018 and was determined by an actuarial valuation as of the valuation date.

Actuarial Assumptions and other inputs – The total OPEB liability as of December 31, 2018 was based on the valuation date using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.44% annually (Beginning of Year to Determine ADC)
	4.10%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Zero trend has been assumed

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2018, the end of the applicable measurement period.

7. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2018.

Changes in the Total OPEB Liability

Balance at December 31, 2017	$ 152,111
Changes for the year:	
Service cost	3,670
Interest	5,177
Differences between expected and actual experience	2,520
Changes in assumptions	(11,248)
Benefit payments	(3,209)
Net changes	(3,090)
Balance at December 31, 2018	$ 149,021

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Entity, as well as what the Visit Baton Rouge's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1.0% Decrease (3.10%)	Current Discount Rate (4.10%)	1.0% Increase (5.10%)
Total OPEB liability	$ 167,266	$ 149,021	$ 133,597

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – Not applicable since no trend has been assumed.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, Visit Baton Rouge recognized OPEB expense of $5,124. At December 31, 2018, Visit Baton Rouge reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,372	$ -
Changes in assumptions	-	(10,586)
Total	$ 2,372	$ (10,586)

7. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

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

Years ending December 31:		
2019	$	(514)
2020		(514)
2021		(514)
2022		(514)
2023		(514)
Thereafter		(5,644)

8. RECEIVABLES

General Fund Receivables as of December 31, 2018 consisted of the following:

Hotel-Motel Taxes Receivable	$	670,209
Other Receivables		4,232
	$	674,441

9. CONTRACT PAYABLE

On September 21, 2007, VBR entered into an intergovernmental contract with the City of Baton Rouge, Louisiana to borrow $1,000,000 for the purpose of providing funding for the improvement, renovation and equipping of the new headquarters of VBR. In 2008, VBR drew down $750,000 of the $1,000,000 available for this purpose. The amount borrowed is due in monthly payments amortized over the life of the contract, bearing interest at the Securities Industry and Financial Markets Association (SIFMA) rate plus 1.2%. The interest rate at December 31, 2018 was 3.38%. Principal repayments during 2018 were $33,200. This contract ends December 21, 2029. The contract is secured by and payable from the lawful and available funds of VBR. The outstanding balance at December 31, 2018 was $483,800.

The minimum debt service payments are scheduled to occur as follows:

	Principal		Interest		Total	
2019	$	33,800	$	15,832	$	49,632
2020		35,200		14,669		49,869
2021		37,500		13,445		50,945
2022		39,400		12,145		51,545
2023-2027		231,300		38,646		269,946
2028-2029		106,600		3,596		110,196
	$	483,800	$	98,333	$	582,133

10. COMMITMENTS

Effective November 2013, VBR entered into an agreement for billboard advertising. The contract was $540,000 of which $250,000 was paid at the time the agreement was signed. Payments of $9,000 a month were due from March 25, 2016 through October 24, 2018. Effective July 28, 2015, the payment rate changed from $9,000 per period to $7,130 for billing periods 3/25/16-1/24/17 due to pre-payment of $71,300. A final payment of $17,700 was paid on October 25, 2018 for a total contract amount of $522,300. The contract was extended with a prepayment of $50,000 towards the advertising from BP Grant funds towards the commitment billboard advertisement which is a monthly fee of $8,333 for 6 additional months for 12/25/18 through 6/24/19. The prepaid advertising will be amortized on a straight-line basis over 6 months for the $50,000.

Effective April 23, 2015, VBR entered into an agreement for signage and multi-media components advertising. The term of the agreement began on July 1, 2015 and will expire on June 30, 2020. Payments of a sponsorship fee of $97,850 are due in year one through year five. There are two years remaining on the commitment. If VBR fails to make payment within thirty days after its due date, there will be a 1.5% fee assessed per month for the amount past due until paid.

11. COOPERATIVE ENDEAVOR AGREEMENTS

Effective April 25, 2017 and June 30, 2017, VBR entered into cooperative endeavor agreements with certain Cities for hotel/motel room tax collections in order to support the City's economic development efforts relating to travel and tourism in the City and Parish. The agreements are for twenty-five (25) years commencing on the effective date. The terms of the agreements state that VBR will dedicate part of the room tax collection received from the City of Baton Rouge to surrounding areas of the Cities based on the monthly occupancy rate calculated by the City of Baton Rouge. VBR will pay to the Cities a sum equal to the revenue actually received by VBR from three percent (3%) (Out of a total four (4%)) of VBR's lodging tax levy attributable to taxable entities located within the corporate limits of the Cities.

For the year ended December 31, 2018, VBR paid $145,617 in city tax rebates to the participating Cities.

12. TAX REVENUES ABATED

Tax abatements for VBR consist of those for hotel-motel occupancy taxes that were approved by the City of Baton Rouge – Parish of East Baton Rouge (City Parish). The City-Parish's Metro-Council considers tax abatement agreements on an individual basis. These abatements are permissible in accordance with Louisiana Revised Statutes Chapter 27 of Title 33. These abatements are provided through the use of Tax Increment Financing (TIF) whereby separate legal entities (districts) are formed for the purpose of governing the use of tax revenue generated within the district. For the fiscal year ending December 31, 2018, there was approximately $278,000 in tax abatements related to the use of TIFs.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 25, 2019, and determined that the following events required disclosure.

VBR has entered into an agreement, dated February 28, 2019, with Festival Productions, Inc. – New Orleans for an event to be held in the City of Baton Rouge on May 25 through May 26, 2019. VBR will provide $350,000 in funding to ensure success of the event.

REQUIRED SUPPLEMENTAL INFORMATION

VISIT BATON ROUGE
SCHEDULES OF CHANGES IN
TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2018

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Measurement date	Service Cost	Interest	Difference between actual and expected experience	Changes of assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered-employee payroll	Total OPEB liability as a percentage of covered-employee payroll
12/31/18	12/31/18	$ 3,670	$ 5,177	$ 2,520	$ (11,248)	$ (3,209)	$ (3,090)	$ 152,111	$ 149,021	$ 1,098,100	13.57%

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

Notes to the Required Supplementary Information.

Benefit Changes.

There were no changes of benefit terms for the year ended December 31, 2018.

Changes of Assumptions.
The changes in assuptions balance was a result of changes in the discount rate. The following are the dicount rates used for in each measurement of total OPEB liability

Measurement Date	Discount Rate
12/31/2018	4.10%
12/31/2017	3.44%

VISIT BATON ROUGE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Tax revenue	$ 4,356,130	$ 5,056,130	$ 5,118,736	$ 62,606
Interest income	2,550	2,550	74,012	71,462
Miscellaneous income	500	500	39,210	38,710
Charges for services	-	-	1,624	1,624
Total revenues	4,359,180	5,059,180	5,233,582	174,402
EXPENDITURES				
Salaries and commissions	1,359,533	1,348,801	1,338,130	10,671
Payroll taxes and benefits	487,097	484,340	456,117	28,223
Advertising and promotion	1,277,750	1,996,850	1,823,354	173,496
Trade shows and FAM/Site visits	178,105	160,425	134,088	26,337
Special promotions	420,000	438,500	321,311	117,189
General and administrative	780,778	776,741	617,838	158,903
Contributions to Baton Rouge Sports Foundation	95,000	95,000	95,000	-
Debt service:				
Interest expense	8,800	8,800	13,166	(4,366)
Principal retirement	33,200	33,200	33,200	-
Capital outlay	21,000	12,600	25,570	(12,970)
Allocation of occupancy tax	147,000	147,000	145,617	1,383
Total expenditures	4,808,263	5,502,257	5,003,391	498,866
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(449,083)	(443,077)	230,191	673,268
FUND BALANCE				
Beginning of year, restated (See Note 1)	5,280,000	5,280,000	4,448,536	831,464
End of year	$ 4,830,917	$ 4,836,923	$ 4,678,727	$ 1,504,732

OTHER SUPPLEMENTAL INFORMATION

VISIT BATON ROUGE
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - BP GRANTS
YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
BP grants	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Advertising and promotion	100,000	100,000	100,000	-
Total expenditures	100,000	100,000	100,000	-
EXCESS OF EXPENDITURES OVER REVENUES	(100,000)	(100,000)	(100,000)	-
FUND BALANCE				
Beginning of year	150,000	150,000	150,000	-
End of year	$ 50,000	$ 50,000	$ 50,000	$ -

VISIT BATON ROUGE
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE CHIEF EXECUTIVE OFFICER
YEAR ENDED DECEMBER 31, 2018

Agency Head Name: Paul Arrigo

Purpose		Amount
Salary, including incentive and bonus	$	185,961
Benefits-insurance		36,574
Defined contribution retirement plan		18,596
Benefits-other		6,368
Car allowance		11,553
Cell phone		1,567
Dues		19,688
Reimbursements		1,657
Travel		3,000
Registration fees		14,590
Conference travel		13,632
Special meals		5,335
Other		593
Total	$	319,114

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

To the Board of Directors
Visit Baton Rouge
Baton Rouge, 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 Visit Baton Rouge (VBR) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise VBR's basic financial statements, and have issued our report thereon dated April 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered VBR'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 VBR's internal control. Accordingly, we do not express an opinion on the effectiveness of VBR'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

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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 VBR's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
April 25, 2019

VISIT BATON ROUGE

REPORT ON STATEWIDE AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

For the Year Ended 2018

To Board of Directors of
Visit Baton Rouge and the
Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A, which were agreed to by Visit Baton Rouge (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C 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 performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted"*. If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

Postlethwaite & Netterville

Baton Rouge, Louisiana
April 25, 2019

VISIT BATON ROUGE
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
DECEMBER 31, 2018

Schedule A

Written Policies and Procedures

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

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

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

    d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Schedule A

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Board or Finance Committee

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

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Collections

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

   Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

   From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

      Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

      Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

      Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

a) Observe that receipts are sequentially pre-numbered.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

c) Trace the deposit slip total to the actual deposit per the bank statement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

e) Trace the actual deposit per the bank statement to the general ledger.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

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

   Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

   Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

b) At least two employees are involved in processing and approving payments to vendors.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

    A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

    a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.)]

    No exceptions noted.

b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

    b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

    a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

    b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Schedule A

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.