

*Financial Report*

*South Central Planning &  
Development Commission, Inc.  
Houma, Louisiana*

*June 30, 2019*



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June 30, 2019

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## PRINCIPAL OFFICIALS

### South Central Planning & Development Commission, Inc.

June 30, 2019

#### Officers

Natalie Robottom Chairwoman	St. John the Baptist Parish
Timothy Roussel Vice-Chairman	St. James Parish
David Hanagriff Secretary	St. Mary Parish
Jeff Naquin Treasurer	Assumption Parish

#### Commissioners

Martin Triche	Assumption Parish
Willie Reed	Assumption Parish
Jimmy Cantrelle	Lafourche Parish
Mark Atzenhoffer	Lafourche Parish
Jerry Jones	Lafourche Parish
Larry Cochran	St. Charles Parish
Wendy Bendetto	St. Charles Parish
Paul Murray, IV	St. Charles Parish
Julie Fisher-Perrier	St. Charles Parish
Terrell Wilson	St. Charles Parish
Dr. Henry Hardy	St. John the Baptist Parish
Carl Monica	St. John the Baptist Parish
Leroy Mitchell ( <i>passed away October 2017, seat vacant</i> )	St. John the Baptist Parish
Gorden Dove	Terrebonne Parish
Suzanne Carlos	Terrebonne Parish
Leroy Charles	Terrebonne Parish
Billy Hebert	Terrebonne Parish
Marvin Marmande, Jr.	Terrebonne Parish
John Rogers	Terrebonne Parish
Louis Radcliff	Commission of Berwick
Raymond Harris	Commission of Franklin
Joey Bouziga	Commission of Golden Meadow
Steven Nosacka	Commission of Gramercy
Ed Reinhardt	Commission of Lockport
Patrick St. Pierre	Commission of Lutchet

**PRINCIPAL OFFICIALS**

(Continued)

**South Central Planning & Development Commission, Inc.**

June 30, 2019

Frank Grizzafifi, III  
Rodney Grogan  
Tommy Eschete  
Ron Animashaun

Commission of Morgan City  
Commission of Patterson  
Commission of Thibodaux  
Village of Napoleonville

**Chief Executive Officer**

Kevin P. Belanger

**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
South Central Planning & Development Commission, Inc.,  
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the South Central Planning & Development Commission, Inc. (the "Commission") as of and for the year ended June 30, 2019, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the South Central Planning & Development Commission, Inc., as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Loan Fund, and Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Commission's Proportionate Share of the Net Pension Liability and Schedule of Commission Contributions on pages 4 through 13, 55, and 56, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements as a whole. The listings of Principal Officials on pages v and vi and Combining Balance Sheets and Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Loan Programs and Grant Programs and Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Office, on pages 57 through 69, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards, on pages 75 through 76, is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles and Audit Requirements for Federal Awards (Uniform Guidance)* and is also not a required part of the basic financial statements.

The Combining Balance Sheets and Combining Statements of Revenues, Expenditures and Changes in Fund Balance - Loan Programs and Grant Programs, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The listing of Principal Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2019 on our consideration of South Central Planning & Development Commission, Inc.'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering South Central Planning & Development Commission, Inc.'s internal control over financial reporting and compliance.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
December 30, 2019.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **South Central Planning and Development Commission, Inc.**

June 30, 2019

The Chief Executive Officer and Chief Administrative Officer are responsible for the overview and analysis of the financial activities of South Central Planning & Development Commission, Inc. (the "Commission") for the year ended June 30, 2019. The narrative provided is designed to introduce the financial highlights and offer an overview of our financial statements.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and facts known to date. This narrative includes a government-wide financial analysis of revenues, expenses and changes in the net position. Further detail offers our readers a financial analysis of the Commission's funds consisting of the governmental fund types and proprietary funds.

### **FINANCIAL HIGHLIGHTS**

Assets and deferred outflows of resources of the Commission exceeded its liabilities and deferred inflows of resources as of June 30, 2019 by approximately \$42,508,000 (net position). As of June 30, 2019, net position included approximately \$38,693,000 of net position restricted to the loan program. Net investment in capital assets totaled approximately \$5,227,000 as of June 30, 2019. The remaining unrestricted net position of the Commission is approximately \$1,416,000 deficit.

The Commission's total unrestricted net position includes the business-type activities being in a deficit net position of approximately \$1,296,000 as of June 30, 2019. The Commission's unrestricted net position of governmental activities was a deficit of approximately \$120,000 as of June 30, 2019.

The Commission's governmental activities' change in net position was an increase of approximately \$7,873,000 for the year ended June 30, 2019 and business-type activities was an increase of approximately \$215,000 for the year ended June 30, 2019.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to South Central Planning & Development Commission, Inc.'s basic financial statements. South Central Planning & Development Commission, Inc.'s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

The government-wide financial statements, reported in Exhibits A and B, are designed to be similar to private-sector businesses in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements combine governmental funds' current financial resources with capital assets and long-term obligations. Also presented in the government-wide financial statements is a column for the business-type activities of the primary government.

The Statement of Net Position, reported in Exhibit A, presents information on all the Commission's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities, reported in Exhibit B, presents information showing how the government's net position changed during the most recent fiscal year. All changes in the assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by the government's general dues assessment and other revenues. This is intended to summarize information and simplify the user's analysis of costs of various governmental services and business-type activities.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus of the fund financial statements is on major funds, rather than generic fund types. All funds of the Commission can be divided into two categories: governmental funds and proprietary funds.

## **Fund Financial Statements (Continued)**

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental major fund presentation in Exhibits C through I is presented on a sources and uses of liquid resources basis. This is the manner in which the financial budget is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements. The Commission has five governmental funds and each is presented as major funds: General Fund, Loan Fund, Grant Fund, Capital Projects Fund, and the Debt Service Fund.

**Proprietary Funds** include enterprise funds on the fund financial statements illustrated in Exhibits J through L. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The enterprise funds are presented as major funds - the Regional Building Code Fund and the Information Technology Fund.

While the business-type fund financial statements for the enterprise fund (See Exhibits J through L) is the same as the business-type column, the government-wide financial statement and the governmental funds total column requires a reconciliation because of the different measurement focus which is reflected on the page following each governmental fund statement (see Exhibits D and F). The flow of current financial resources reflects inter-fund transfers as other financial sources and uses as well as capital outlay expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide statements.

## **Capital Assets**

General capital assets include buildings, furniture, fixtures and equipment and intangible assets that are used in operations and exceed the Commission's capitalization threshold, as explained in Note 1h) Exhibit M. Accumulated depreciation and amortization is recorded for the life span of the asset.

## **Notes to the Financial Statements**

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

## **Required Supplementary Information**

The required supplementary information presented immediately following the notes to the financial statements in Exhibits N and O presents the Schedule of the Commission's Proportionate Share of Net Pension Liability and the Schedule of Commission's Contributions for the Municipal Employees Retirement System of Louisiana (MERS).

## Supplementary Information

Schedules 1 through 4 of this report present the Combining Balance Sheet of loan and grant programs and Combining Statements of Revenues, Expenditures and Changes in Fund Balance for the various loan and grant programs. Schedule 5 presents a Schedule of Compensation, Benefits and Other Payments to the Commission's Agency Head or Chief Executive Officer.

## Reports Required by Government Auditing Standards and the Uniform Guidance

Also included in the report are special auditor reports on internal control over financial reporting, compliance and other matters, findings and schedules as required by *Government Auditing Standards* and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. *Uniform Guidance* requires a Schedule of Expenditures of Federal Awards. The Schedule of Expenditures of Federal Awards, Schedule 6, presents required information about the Commission's federally funded programs in a manner that can facilitate financial compliance analysis by agencies that have granted Federal money to the Commission.

## Government-Wide Financial Analysis

The table below reflects the condensed Statement of Net Position as of June 30, 2019 with comparative figures from June 30, 2018:

### Condensed Statement of Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	For The Year Ended June 30,		For The Year Ended June 30,		For The Year Ended June 30,	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$40,713	\$32,301	\$ 1	\$ 79	\$40,714	\$32,380
Capital assets	3,778	3,862	1,520	1,290	5,298	5,152
Total assets	44,491	36,163	1,521	1,369	46,012	37,532
Deferred outflows of resources	574	662	465	682	1,039	1,344
Total assets and deferred inflows of resources	<u>\$45,065</u>	<u>\$36,825</u>	<u>\$1,986</u>	<u>\$2,051</u>	<u>\$47,051</u>	<u>\$38,876</u>
Long-term liabilities	\$ 1,767	\$ 1,785	\$1,407	\$1,717	\$ 3,174	\$ 3,502
Other liabilities	863	522	232	215	1,095	737
Total liabilities	2,630	2,307	1,639	1,932	4,269	4,239
Deferred inflows of resources	151	107	123	110	274	217
Total liabilities and deferred inflows of resources	<u>2,781</u>	<u>2,414</u>	<u>1,762</u>	<u>2,042</u>	<u>4,543</u>	<u>4,456</u>
Net assets:						
Net investment in capital assets	3,707	3,755	1,520	1,291	5,227	5,046
Restricted	38,697	30,524	-	-	38,697	30,524
Unrestricted (deficit)	(120)	132	(1,296)	(1,282)	(1,416)	(1,150)
Total net position	<u>42,284</u>	<u>34,411</u>	<u>224</u>	<u>9</u>	<u>42,508</u>	<u>34,420</u>
Total liabilities and net position	<u>\$45,065</u>	<u>\$36,825</u>	<u>\$1,986</u>	<u>\$2,051</u>	<u>\$47,051</u>	<u>\$38,876</u>

**Government-Wide Financial Analysis (Continued)**

The increase in current and other assets is primarily due to the Commission's administration of the Restore Louisiana Small Business Loan Program. This loan program is responsible for the issuance of \$22,302,000 new loans to small business impacted by the 2016 flood. In addition, business activities capitalized approximately \$341,000 of software development costs as intangible assets. Deferred outflows of resources and long-term liabilities decreased primarily due to accounting for the Commission's proportionate share of pension liability in MERS Plan B.

For more detailed information see Exhibit A, the Statement of Net Position.

Approximately 12.30% of the Commission's net position as of June 30, 2019, reflect the Commission's net investment in capital assets (buildings, furniture, fixtures, equipment and intangible assets), 91.03% is restricted for the loan program, and the unrestricted net position is a (3.33)% deficit of total net position.

The table below provides a summary of the changes in net position for the year ended June 30, 2019, with comparative figures from June 30, 2018:

**Condensed Statement of Changes in Net Position  
(in Thousands)**

	Governmental Activities		Business-Type Activities		Totals	
	For The Year Ended June 30,		For The Year Ended June 30,		For The Year Ended June 30,	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,267	\$ 1,352	\$ 3,129	\$ 3,280	\$ 4,396	\$ 4,632
Operating grants and contributions	9,839	19,884	-	-	9,839	19,884
Capital grants and contributions	251	255	-	-	251	255
Recoveries of doubtful loans	1,827	-	-	-	1,827	-
General revenues:						
Dues assessment	153	154	-	-	153	154
Grants and contributions not restricted to specific programs	151	99	5	-	155	99
Miscellaneous	526	36	2	10	528	46
Transfers	-	118	-	(118)	-	-
Total revenues	14,014	21,898	3,136	3,172	17,150	25,070
<b>Expenses</b>						
Economic development and assistance	6,141	5,819	2,921	3,206	9,062	9,025
Change in net position	7,873	16,079	215	(34)	8,088	16,045
<b>Net Position</b>						
Beginning net position	34,411	18,332	9	43	34,420	18,375
Ending net position	\$42,284	\$34,411	\$ 224	\$ 9	\$42,508	\$34,420

## Government-Wide Financial Analysis (Continued)

The Commission's net position increased by approximately \$8,088,000 during the current fiscal year.

*Governmental Activities* net position increased approximately \$7,873,000, primarily due to operating grant revenue received related to the Restore Louisiana Small Business Loan Program.

Economic development expenses increased by approximately \$322,000 in 2019 primarily because of increases in personal services and all other costs of approximately \$179,000 and \$143,000, respectively. Included in the net increase in other costs is an increase in other services and charges of approximately \$952,000 which is partially offset by a reduction of \$832,000 in the provision for loan losses.

*Business-Type Activities* net position increased by approximately \$215,000, primarily due to lower economic development and assistance expenses. The current year's change in net position for Information Technology Fund was a decrease of approximately \$140,000, and the continuing operation of the Regional Building Code Fund increased the change in net position by approximately \$75,000.

## Financial Analysis of the Commission's Funds

The Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds:

The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The combined fund balance of the Commission's governmental funds as of June 30, 2019 was approximately \$39,956,000 as compared to \$31,778,000 as of June 30, 2018, an increase of approximately \$8,178,000. The increase in the governmental funds' fund balance is primarily due to the operating grant revenue recognized in the Loan Fund as previously described.

Revenues for the Commission's governmental funds for the year ended June 30, 2019 was approximately \$14,014,000. There are five funding categories: intergovernmental (73.93%), charges for services (9.47%), interest earned (2.44%), recoveries of doubtful loans (13.04%), and miscellaneous (1.12%). The Commission's governmental fund expenditures were approximately \$5,836,000 for the year ended June 30, 2019. There are nine categories of expenditures: provision for doubtful loans (16.26%), personal services (38.79%), supplies and materials (1.74%), other services and charges (37.54%), grant distributions (4.30%), repairs and maintenance (0.37%), debt service (0.69%) and capital expenditures (0.34%).

## Financial Analysis of the Commission's Funds (Continued)

### Governmental Funds: (Continued)

A decrease in capital expenditures of approximately \$26,000 was primarily due to nonrecurring prior year construction expenses associated with the addition to the administration building. Provision for doubtful loans decreased by approximately \$832,000. Grant disbursements increased by approximately \$23,000. Other services and charges increased by approximately \$952,000 and the increase was lead by the recognition of expenses for loan administration. The personal services category increased approximately \$95,000.

### Fund Analysis

#### General Fund:

The General Fund is the chief operating fund of the Commission. At the end of the current fiscal year, the total fund balance of the General Fund was approximately \$1,152,000. Of this amount, approximately \$41,000 was non-spendable and the remainder of fund balance, approximately \$1,111,000, is unassigned. During the current fiscal year, the fund balance of the Commission's General Fund, decreased by approximately \$14,000 (Exhibit E).

#### Loan Fund:

The Commission maintains ten loan programs. The loan programs are federally funded. The expenditures consist of provisions for doubtful loans (38.56%), other charges and services (47.13%), personal services (13.86%), and supplies (0.45%).

#### Capital Projects Fund:

During the current year, the Capital Project Fund had no activity and fund balance remained assigned at approximately \$69,000.

#### Grant Fund:

The Commission maintains fifteen individual grant programs. These programs are generally reimbursed by federal/state grants. Expenditures in excess of the grants are covered by transfers from the General Fund.

#### Proprietary Funds:

The Commission's proprietary funds, the Regional Building Code Fund and the Information Technology Fund provide the same type of information found in the government-wide financial statements, but in more detail.

### **Fund Analysis (Continued)**

Unrestricted net position of the Regional Building Code Fund and as of June 30, 2019 amounted to a deficit of approximately \$310,000 (Exhibit J). This fund is used to account for revenues and expenses associated with the Commission's regional building inspection activities. This fund encompasses all assets associated with its operation. Net investment in capital assets, furniture, fixtures, equipment and intangibles, at the end of the current fiscal year totaled approximately \$73,000 (Exhibit J). During the year ended June 30, 2019, the Regional Building Code Fund recognized an increase in net position of approximately \$75,000 due to decreases in expenses and transfers-out exceeding the decrease in revenues. The decreases were primarily because the Terrebonne Parish Consolidated Government ceased participation in permitting activities.

Unrestricted net position of the Information Technology Fund as of June 30, 2019 amounted to a deficit of approximately \$986,000 (Exhibit J). This fund is used to account for revenues and expenses associated with the Commission's informational technology activities. This fund encompasses all assets associated with its operation. Net investment in capital assets, furniture fixtures, equipment and intangibles, at the end of the current fiscal year totaled approximately \$1,447,000 (Exhibit J). During the year ended June 30, 2019, the Information Technology Fund recognized an increase in net position of approximately \$140,000 due to an increase in charges for services.

### **Budgetary Highlights**

Budgets are presented to the Board of Commissioners and adopted as required by Louisiana Revised Statutes. As needed budget adjustments are made to account for any significant deviation from beginning of the year projections. The major difference between the original General Fund budget and the final amended budget was for a increase in personal services due to increases in administration. Other significant differences between the original and final General Fund budget was an increase of approximately \$51,000 in other services and charges and an increase in grant distributions of approximately \$108,000.

Budgets are also presented for the Commission's special revenue funds: the Loan Fund and Grant Fund. Differences in the original and final Loan Fund budget were increases in the provision for loan losses and increases in operating transfers out. Grant Fund had significant declines from the original budget to the final budget in intergovernmental revenue and personal services.

### **Capital Asset and Long-Term Obligations**

The Commission's net investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to approximately \$5,298,000 (net of accumulated depreciation). This net investment in capital assets includes construction in progress, buildings, furniture, fixtures, equipment, and intangible assets as shown in the following table. This amount represents a net increase of approximately \$145,000 over last year. The increase was primarily for software development costs capitalized for approximately \$341,000 in business activities of the Information Technology Fund.

**Capital Asset and Long-Term Obligations (Continued)**

**Capital Assets**  
**(Net of depreciation)**  
**(in Thousands)**

	Governmental		Business-Type		Totals	
	Activities		Activities		Totals	
	For The Year Ended June 30,		For The Year Ended June 30,		For The Year Ended June 30,	
	2019	2018	2019	2018	2019	2018
Construction in process	\$ 13	\$ -	\$ -	\$ -	\$ 13	\$ -
Buildings	3,694	3,783	-	-	3,694	3,783
Furniture, fixtures, and equipment	71	79	224	168	295	247
Intangibles	-	-	1,296	1,123	1,296	1,123
Totals	<u>\$3,778</u>	<u>\$3,862</u>	<u>\$1,520</u>	<u>\$1,291</u>	<u>\$5,298</u>	<u>\$5,153</u>

Additional information on the Commission's capital assets can be found in Note 5, Exhibit M of this report.

Long-term obligations of the Commission as of June 30, 2019 consisted of net pension liability, certificates of indebtedness and compensated absences.

On May 14, 2014, the Commission issued \$250,000 of Certificates of Indebtedness, Series 2014A for the purpose of making capital improvements. The certificates mature through May 1, 2021 with an interest rate of 4.50%. Interest payments are due quarterly and principal payments are made annually on May 1. The balance of outstanding certificates as of June 30, 2019 was approximately \$71,000.

The Commission awards permanent full-time employees paid vacation time that varies depending upon the years of service. Earned but unused vacation time vests with the employee and is paid upon termination. Accrued vacation time is accounted as a long-term obligation of the Commission. As of June 30, 2019 the Commission recognized approximately \$171,000 (\$121,000 current), \$97,000 in governmental activities and \$74,000 in business-type activities of accrued vacation pay.

Also, in the fiscal year ended June 30, 2015, the Commission implemented Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions*", which required recognition of the Commission's proportionate share of the net pension liability of its pension plan, the Municipal Employees Retirement System of Louisiana (MERS). As of June 30, 2019 the Commission's proportionate share of the net pension liability amounted to approximately \$3,088,000, \$1,705,000 and \$1,383,000 in governmental activities and business-type

### **Capital Asset and Long-Term Obligations (Continued)**

activities, respectively. During the year ended June 30, 2019, the Commission experienced a decrease in its proportionate share of the net pension liability of approximately \$144,000, with \$258,000 of the decrease in business-type activities.

Additional information on the Commission's long-term debt can be found in Note 7, Exhibit M of this report.

### **Economic Factors and Next Year's Budget and Rates**

The Board of Commissioners and management considered many factors when setting the fiscal year 2020 budget. These factors include any unusual conditions, one time expenditures and increases in rates or fees that occurred during the 2019 fiscal year or that have already been announced for the 2020 fiscal year.

General Fund revenues for fiscal year 2020 are projected to be approximately \$481,000, a decrease of approximately \$1,198,000 under the 2019 fiscal year revenues. Budgeted expenditures are expected to increase approximately \$556,000 in comparison to the 2019 fiscal year expenditures. Special revenue fund revenues are expected to decrease \$7,282,000 in comparison to fiscal year 2019. Budgeted expenditures of special revenue funds are expected to increase approximately \$242,000 compared to 2019 expenditures. The General Fund's fund balance is budgeted for a decrease of approximately \$100,000, while the special revenue fund balance is budgeted for a decrease of approximately \$601,000.

### **Requests for Information**

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. If you have any questions about this report or need additional financial information, contact South Central Planning & Development Commission, Inc., 5058 West Main Street, Houma, Louisiana 70360 or P.O. Box 1870, Gray, Louisiana 70359. General information relating to the Commission can be found at the Commission's website [scpdc.org](http://scpdc.org).

**STATEMENT OF NET POSITION****South Central Planning & Development Commission, Inc.**

June 30, 2019

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Cash and cash equivalents	\$ 8,466,763	\$ 317,469	\$ 8,784,232
Receivables:			
Economic loans	30,161,183	-	30,161,183
Miscellaneous	18,262	-	18,262
Due from other governmental units	1,125,831	550,497	1,676,328
Internal balances	896,687	(896,687)	-
Prepaid other	35,749	29,657	65,406
Deposits	7,897	-	7,897
Capital assets			
Not subject to depreciation	13,042	-	13,042
Depreciable, net accumulated depreciation	3,765,444	223,728	3,989,172
Intangible assets, net accumulated amortization	-	1,295,970	1,295,970
Total assets	<u>44,490,858</u>	<u>1,520,634</u>	<u>46,011,492</u>
Deferred outflow of resources, pensions	<u>573,798</u>	<u>465,352</u>	<u>1,039,150</u>
Total assets and deferred outflow of resources	<u>45,064,656</u>	<u>1,985,986</u>	<u>47,050,642</u>
<b><u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u></b>			
Accounts payable and accrued expenses	512,639	96,195	608,834
Unearned revenue	243,848	85,672	329,520
Non-current liabilities -			
Due within one year	106,218	50,476	156,694
Due after one year	1,767,320	1,406,868	3,174,188
Total liabilities	<u>2,630,025</u>	<u>1,639,211</u>	<u>4,269,236</u>
Deferred inflows of resources, pensions	<u>151,063</u>	<u>122,513</u>	<u>273,576</u>
Total liabilities and deferred inflow of resources	<u>2,781,088</u>	<u>1,761,724</u>	<u>4,542,812</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	3,707,056	1,519,698	5,226,754
Restricted:			
Loan program	38,692,978	-	38,692,978
Debt service	3,247	-	3,247
Unrestricted (deficit)	<u>(119,713)</u>	<u>(1,295,436)</u>	<u>(1,415,149)</u>
Total net position	<u>\$ 42,283,568</u>	<u>\$ 224,262</u>	<u>\$ 42,507,830</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES****South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

	Program Revenue					Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Recoveries of Doubtful Loans	Governmental Activities	Business- Type Activities	Totals
Economic development and assistance:								
Governmental activities:								
General and administration	\$ 1,829,104	\$ 886,312	\$ -	\$ 251,095	\$ -	\$ (691,697)	\$ -	\$ (691,697)
Loan program	2,498,376	-	8,671,192	-	1,826,707	7,999,523	-	7,999,523
Grant program	1,813,292	380,874	1,168,192	-	-	(264,226)	-	(264,226)
Total governmental activities:	<u>6,140,772</u>	<u>1,267,186</u>	<u>9,839,384</u>	<u>251,095</u>	<u>1,826,707</u>	<u>7,043,600</u>	<u>-</u>	<u>7,043,600</u>
Business-type activities:								
Regional building code	1,025,511	1,095,472	-	-	-	-	69,961	69,961
Information technology	1,895,181	2,033,752	-	-	-	-	138,571	138,571
Total business-type activities:	<u>2,920,692</u>	<u>3,129,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,532</u>	<u>208,532</u>
Totals	<u>\$9,061,464</u>	<u>\$4,396,410</u>	<u>\$9,839,384</u>	<u>\$251,095</u>	<u>\$1,826,707</u>	<u>7,043,600</u>	<u>208,532</u>	<u>7,252,132</u>
General revenues:								
Dues assessment						152,596	-	152,596
Grants and contributions not restricted to specific programs						150,375	5,000	155,375
Unrestricted investment earnings						77	153	230
Miscellaneous						526,240	1,657	527,897
Total general revenues and transfers						<u>829,288</u>	<u>6,810</u>	<u>836,098</u>
Change in net position						7,872,888	215,342	8,088,230
Net position:								
Beginning of the year						<u>34,410,680</u>	<u>8,920</u>	<u>34,419,600</u>
End of the year						<u>\$42,283,568</u>	<u>\$224,262</u>	<u>\$42,507,830</u>

See notes to financial statements.

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**South Central Planning & Development Commission, Inc.**

June 30, 2019

	General Fund	Loan Fund	Grant Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>						
Cash	\$ 286,518	\$ 8,176,998	\$ -	\$ -	\$ 3,247	\$ 8,466,763
Receivables:						
Economic loans	-	30,161,183	-	-	-	30,161,183
Miscellaneous	18,262	-	-	-	-	18,262
Due from other governmental units	407,840	274,538	443,453	-	-	1,125,831
Due from other funds	2,028,946	409,041	-	69,093	-	2,507,080
Prepays	33,706	-	2,043	-	-	35,749
Deposits	7,769	128	-	-	-	7,897
	<u>\$ 2,783,041</u>	<u>\$ 39,021,888</u>	<u>\$ 445,496</u>	<u>\$ 69,093</u>	<u>\$ 3,247</u>	<u>\$ 42,322,765</u>
<b>Liabilities</b>						
Accounts payable and accrued expenditures	\$ 85,459	\$ 180,656	\$ 246,524	\$ -	\$ -	\$ 512,639
Due to other funds	1,318,169	111,215	181,009	-	-	1,610,393
Unearned revenue	227,354	-	16,494	-	-	243,848
	<u>1,630,982</u>	<u>291,871</u>	<u>444,027</u>	<u>-</u>	<u>-</u>	<u>2,366,880</u>
<b>Fund Balances</b>						
Nonspendables	41,473	30,161,183	1,469	-	-	30,204,125
Restricted:						
Loans	-	8,568,834	-	-	-	8,568,834
Debt service	-	-	-	-	3,247	3,247
Assigned:						
Assigned for capital projects	-	-	-	69,093	-	69,093
Unassigned	1,110,586	-	-	-	-	1,110,586
	<u>1,152,059</u>	<u>38,730,017</u>	<u>1,469</u>	<u>69,093</u>	<u>3,247</u>	<u>39,955,885</u>
Total fund balances	<u>1,152,059</u>	<u>38,730,017</u>	<u>1,469</u>	<u>69,093</u>	<u>3,247</u>	<u>39,955,885</u>
Total liabilities and fund balances	<u>\$ 2,783,041</u>	<u>\$ 39,021,888</u>	<u>\$ 445,496</u>	<u>\$ 69,093</u>	<u>\$ 3,247</u>	<u>\$ 42,322,765</u>

See notes to financial statements.

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

**South Central Planning & Development Commission, Inc.**

June 30, 2019

<b>Fund Balances - Governmental Funds</b>		<b>\$ 39,955,885</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 4,841,963	
Less accumulated depreciation	<u>(1,063,477)</u>	3,778,486
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
		573,798
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Certificates of indebtedness		(71,430)
Non-current liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Net pension liability	(1,705,476)	
Compensated absences payable	<u>(96,632)</u>	(1,802,108)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds.		
		<u>(151,063)</u>
<b>Net Position of Governmental Activities</b>		<b><u><u>\$ 42,283,568</u></u></b>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

	General Fund	Loan Fund	Grant Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>						
Intergovernmental	\$ 782,680	\$ 8,319,248	\$ 1,258,134	\$ -	\$ -	\$ 10,360,062
Charges for services	886,312	-	441,307	-	-	1,327,619
Recoveries of doubtful loans	-	\$ 1,826,707	-	-	-	1,826,707
Interest earned	76	342,276	-	-	-	342,352
Miscellaneous	9,702	147,218	-	-	-	156,920
<b>Total revenues</b>	<u>1,678,770</u>	<u>10,635,449</u>	<u>1,699,441</u>	<u>-</u>	<u>-</u>	<u>14,013,660</u>
<b>Expenditures</b>						
Current:						
Economic development and assistance:						
Personal services	1,053,240	341,150	869,350	-	-	2,263,740
Supplies and materials	68,303	11,211	21,949	-	-	101,463
Other services and charges	200,179	1,159,937	828,801	-	-	2,188,917
Repairs and maintenance	21,415	-	-	-	-	21,415
Provision for doubtful loans	-	949,039	-	-	-	949,039
Grant distributions	251,093	-	-	-	-	251,093
Debt service:						
Principal retirement	-	-	-	-	35,714	35,714
Interest payments	-	-	-	-	4,822	4,822
Capital expenditures	10,163	-	9,823	-	-	19,986
<b>Total expenditures</b>	<u>1,604,393</u>	<u>2,461,337</u>	<u>1,729,923</u>	<u>-</u>	<u>40,536</u>	<u>5,836,189</u>
Excess (deficiency) of revenues over expenditures	<u>74,377</u>	<u>8,174,112</u>	<u>(30,482)</u>	<u>-</u>	<u>(40,536)</u>	<u>8,177,471</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	157,467	501,442	177,761	-	43,780	880,450
Operating transfers out	(245,483)	(487,688)	(147,279)	-	-	(880,450)
<b>Total other financing sources (uses)</b>	<u>(88,016)</u>	<u>13,754</u>	<u>30,482</u>	<u>-</u>	<u>43,780</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(13,639)</u>	<u>8,187,866</u>	<u>-</u>	<u>-</u>	<u>3,244</u>	<u>8,177,471</u>
<b>Fund Balances</b>						
Beginning of year	<u>1,165,698</u>	<u>30,542,151</u>	<u>1,469</u>	<u>69,093</u>	<u>3</u>	<u>31,778,414</u>
End of year	<u>\$ 1,152,059</u>	<u>\$ 38,730,017</u>	<u>\$ 1,469</u>	<u>\$ 69,093</u>	<u>\$ 3,247</u>	<u>\$ 39,955,885</u>

See notes to financial statements.

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

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 8,177,471</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense</p>		
Capital outlay	\$ 33,028	
Depreciation expense	<u>(116,867)</u>	(83,839)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however has an effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Principal payments		35,714
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Pension expense	(246,778)	
Increase in compensated absences	<u>(9,680)</u>	<u>(256,458)</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u><u>\$ 7,872,888</u></u></b>

See notes to financial statements.

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

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 302,596	\$ 407,596	\$ 782,680	\$ 375,084
Charges for services	710,995	857,319	886,312	28,993
Interest earned	110	75	76	1
Miscellaneous	13,000	11,720	9,702	(2,018)
Total revenues	<u>1,026,701</u>	<u>1,276,710</u>	<u>1,678,770</u>	<u>402,060</u>
<b>Expenditures</b>				
Current:				
Economic development and assistance:				
Personal services	867,850	1,056,100	1,053,240	2,860
Supplies and materials	56,625	60,950	68,303	(7,353)
Other services and charges	216,885	268,515	200,179	68,336
Repairs and maintenance	17,500	20,030	21,415	(1,385)
Grant distributions	150,000	258,330	251,093	7,237
Capital expenditures	55,000	12,500	10,163	2,337
Total expenditures	<u>1,363,860</u>	<u>1,676,425</u>	<u>1,604,393</u>	<u>72,032</u>
Deficiency of revenues over expenditures	<u>(337,159)</u>	<u>(399,715)</u>	<u>74,377</u>	<u>474,092</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	501,245	783,664	157,467	(626,197)
Operating transfers out	(118,541)	(380,425)	(245,483)	134,942
Total other financing sources (uses)	<u>382,704</u>	<u>403,239</u>	<u>(88,016)</u>	<u>(491,255)</u>
<b>Net Change in Fund Balance</b>	45,545	3,524	(13,639)	(17,163)
<b>Fund Balance</b>				
Beginning of year	<u>1,165,698</u>	<u>1,165,698</u>	<u>1,165,698</u>	<u>-</u>
End of year	<u>\$ 1,211,243</u>	<u>\$ 1,169,222</u>	<u>\$ 1,152,059</u>	<u>\$ (17,163)</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
LOAN FUND**

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 5,520,224	\$ 8,142,578	\$ 8,319,248	\$ 176,670
Recoveries of doubtful loans	-	-	1,826,707	1,826,707
Charges for services	29,400	24,725	-	(24,725)
Interest earned	314,300	328,950	342,276	13,326
Miscellaneous	-	114,749	147,218	32,469
Total revenues	<u>5,863,924</u>	<u>8,611,002</u>	<u>10,635,449</u>	<u>2,024,447</u>
<b>Expenditures</b>				
Current:				
Economic development and assistance:				
Personal services	404,700	345,120	341,150	3,970
Supplies and materials	7,700	10,720	11,211	(491)
Other services and charges	120,150	619,712	1,159,937	(540,225)
Provision for doubtful loans	-	1,613,529	949,039	664,490
Total expenditures	<u>532,550</u>	<u>2,589,081</u>	<u>2,461,337</u>	<u>127,744</u>
Excess of revenues over expenditures	<u>5,331,374</u>	<u>6,021,921</u>	<u>8,174,112</u>	<u>2,152,191</u>
<b>Other Financing Sources (uses)</b>				
Operating transfers in	368,326	539,235	501,442	(37,793)
Operating transfers out	<u>(702,075)</u>	<u>(911,905)</u>	<u>(487,688)</u>	<u>424,217</u>
Total other financing sources (uses)	<u>(333,749)</u>	<u>(372,670)</u>	<u>13,754</u>	<u>386,424</u>
<b>Net Change in Fund Balance</b>	4,997,625	5,649,251	8,187,866	2,538,615
<b>Fund Balance</b>				
Beginning of year	<u>17,568,489</u>	<u>30,542,151</u>	<u>30,542,151</u>	<u>-</u>
End of year	<u>\$ 22,566,114</u>	<u>\$ 36,191,402</u>	<u>\$ 38,730,017</u>	<u>\$ 2,538,615</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GRANT FUND**

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,597,624	\$ 1,494,289	\$ 1,258,134	\$ (236,155)
Charges for services	60,000	22,250	441,307	419,057
Miscellaneous	157,500	129,304	-	(129,304)
	<u>1,815,124</u>	<u>1,645,843</u>	<u>1,699,441</u>	<u>53,598</u>
<b>Total revenues</b>				
	<u>1,815,124</u>	<u>1,645,843</u>	<u>1,699,441</u>	<u>53,598</u>
<b>Expenditures</b>				
Current:				
Economic development and assistance:				
Personal services	1,222,844	1,098,391	869,350	229,041
Supplies and materials	9,160	18,282	21,949	(3,667)
Other services and charges	502,265	488,751	828,801	(340,050)
Repairs and maintenance	2,000	-	-	-
Capital expenditures	10,000	9,850	9,823	27
	<u>1,746,269</u>	<u>1,615,274</u>	<u>1,729,923</u>	<u>(114,649)</u>
<b>Total expenditures</b>				
	<u>1,746,269</u>	<u>1,615,274</u>	<u>1,729,923</u>	<u>(114,649)</u>
Excess (deficiency) of revenues over expenditures	<u>68,855</u>	<u>30,569</u>	<u>(30,482)</u>	<u>(61,051)</u>
<b>Other Financing Uses</b>				
Operating transfers in	43,975	145,190	177,761	32,571
Operating transfers out	(112,830)	(175,759)	(147,279)	28,480
	<u>(68,855)</u>	<u>(30,569)</u>	<u>30,482</u>	<u>61,051</u>
<b>Total other financing sources (uses)</b>				
	<u>(68,855)</u>	<u>(30,569)</u>	<u>30,482</u>	<u>61,051</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

**South Central Planning & Development Commission, Inc.**

June 30, 2019

	Business-Type Activities Enterprise Funds		Totals
	Regional Building Code Fund	Information Technology Fund	
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 301,425	\$ 16,044	\$ 317,469
Due from other governmental units	-	550,497	550,497
Prepaid insurance	13,781	4,114	17,895
Prepaid maintenance	1,091	10,671	11,762
	<u>316,297</u>	<u>581,326</u>	<u>897,623</u>
<b>Capital Assets</b>			
Furniture, fixtures, and equipment	515,177	394,034	909,211
Less accumulated depreciation	(451,830)	(233,653)	(685,483)
Intangible assets	342,197	1,901,026	2,243,223
Less accumulated amortization	(332,978)	(614,275)	(947,253)
	<u>72,566</u>	<u>1,447,132</u>	<u>1,519,698</u>
Net capital assets	<u>72,566</u>	<u>1,447,132</u>	<u>1,519,698</u>
Total assets	<u>388,863</u>	<u>2,028,458</u>	<u>2,417,321</u>
<b>Deferred Outflow of Resources, Pensions</b>	<u>256,198</u>	<u>209,154</u>	<u>465,352</u>
Total assets and deferred outflows of resources	<u>645,061</u>	<u>2,237,612</u>	<u>2,882,673</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued expenses	19,620	76,575	96,195
Due to other funds	427	896,260	896,687
Compensated absences payable	29,900	20,576	50,476
Unearned revenue	-	85,672	85,672
	<u>49,947</u>	<u>1,079,083</u>	<u>1,129,030</u>
Total payable from current assets	<u>49,947</u>	<u>1,079,083</u>	<u>1,129,030</u>
<b>Noncurrent</b>			
Compensated absences payable	3,323	20,397	23,720
Net pension liability	761,486	621,662	1,383,148
	<u>764,809</u>	<u>642,059</u>	<u>1,406,868</u>
Total noncurrent liabilities	<u>764,809</u>	<u>642,059</u>	<u>1,406,868</u>
Total liabilities	<u>814,756</u>	<u>1,721,142</u>	<u>2,535,898</u>
<b>Deferred Inflows of Resources, Pensions</b>	<u>67,449</u>	<u>55,064</u>	<u>122,513</u>
Total liabilities and deferred inflows of resources	<u>882,205</u>	<u>1,776,206</u>	<u>2,658,411</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	72,566	1,447,132	1,519,698
Unrestricted (deficit)	(309,710)	(985,726)	(1,295,436)
	<u>\$(237,144)</u>	<u>\$ 461,406</u>	<u>\$ 224,262</u>
Total net position (deficit)	<u>\$(237,144)</u>	<u>\$ 461,406</u>	<u>\$ 224,262</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS**

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

	<u>Business-Type Activities Enterprise Funds</u>		<u>Totals</u>
	<u>Regional Building Code Fund</u>	<u>Information Technology Fund</u>	
<b>Operating Revenues</b>			
Charges for services	<u>\$ 1,095,472</u>	<u>\$ 2,033,752</u>	<u>\$ 3,129,224</u>
<b>Operating Expenses</b>			
Personal services	853,022	1,240,913	2,093,935
Supplies and materials	15,238	35,147	50,385
Other services and charges	113,067	416,061	529,128
Repairs and maintenance	4,605	22	4,627
Depreciation and amortization expense	<u>39,579</u>	<u>203,038</u>	<u>242,617</u>
Total operating expenses	<u>1,025,511</u>	<u>1,895,181</u>	<u>2,920,692</u>
Operating income	<u>69,961</u>	<u>138,571</u>	<u>208,532</u>
<b>Nonoperating Revenues</b>			
Awards and grants	5,000	-	5,000
Investment income	129	24	153
Miscellaneous	<u>-</u>	<u>1,657</u>	<u>1,657</u>
Total nonoperating revenues	<u>5,129</u>	<u>1,681</u>	<u>6,810</u>
<b>Change in Net Position</b>	75,090	140,252	215,342
<b>Net Position (Deficit)</b>			
Beginning of year	<u>(312,234)</u>	<u>321,154</u>	<u>8,920</u>
End of year	<u>\$ (237,144)</u>	<u>\$ 461,406</u>	<u>\$ 224,262</u>

See notes to financial statements.

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

	<u>Business-Type Activities Enterprise Funds</u>		<u>Totals</u>
	<u>Regional Building Code Fund</u>	<u>Information Technology Fund</u>	
<b>Cash Flows provided by Operating Activities</b>			
Cash received from customers and users	\$ 1,157,109	\$ 1,709,251	\$ 2,866,360
Cash payments to suppliers	(145,492)	(179,826)	(325,318)
Cash payments to employees for services and benefits	<u>(952,385)</u>	<u>(1,163,628)</u>	<u>(2,116,013)</u>
Net cash provided by operating activities	59,232	365,797	425,029
<b>Cash Flows provided by Non-Capital Financing Activities</b>			
Award proceeds	5,000	-	5,000
<b>Cash Flow used in Capital Financing Activities</b>			
Acquisition and development of capital assets	(3,331)	(467,778)	(471,109)
<b>Cash Flows provided by Investing Activities</b>			
Investment income	<u>129</u>	<u>24</u>	<u>153</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	61,030	(101,957)	(40,927)
<b>Cash and Cash Equivalents</b>			
Beginning of year	<u>240,395</u>	<u>118,001</u>	<u>358,396</u>
End of year	<u><u>\$ 301,425</u></u>	<u><u>\$ 16,044</u></u>	<u><u>\$ 317,469</u></u>

**Exhibit L  
(Continued)**

	Business-Type Activities Enterprise Funds		
	Regional Building Code Fund	Information Technology Fund	Totals
<b>Reconciliation of Operating Income to Net Cash provided by Operating Activities:</b>			
Operating income	\$ 69,961	\$ 138,571	\$ 208,532
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	39,579	203,038	242,617
Pension expense (credits)	(95,517)	67,356	(28,161)
Miscellaneous income	-	1,657	1,657
(Increase) decrease in assets:			
Due from other governmental units	111,637	(318,910)	(207,273)
Due from other funds	-	3,847	3,847
Prepaid expenses	893	4,895	5,788
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(3,546)	27,682	24,136
Due to other funds	(8,647)	242,240	233,593
Compensated absences	(5,128)	2,669	(2,459)
Unearned revenue	(50,000)	(7,248)	(57,248)
Total adjustments	(10,729)	227,226	216,497
Net cash provided by operating activities	\$ 59,232	\$ 365,797	\$ 425,029

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****South Central Planning & Development Commission, Inc.**

June 30, 2019

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the South Central Planning & Development Commission, Inc. (the "Commission") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to special districts as prescribed by the Governmental Accounting Standards Board (GASB), the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

**a) Reporting Entity**

The Commission was created under enabling legislation of the State of Louisiana and incorporated under the provisions of Louisiana Revised Statutes 12:201 et., seq., as amended in 1968; provided, however, that its activities shall be consistent with the powers, duties, rights and liabilities as may be deemed necessary or proper to accomplish the purposes of a regional planning or an economic development district and are for charitable, educational and scientific research purposes.

The Commission although governed by a Board of Commissioners who are directly appointed by the governing bodies of the municipalities and parishes, of which it serves, is considered a separate governmental entity because it is substantially autonomous.

GASB No. 14, *"The Financial Reporting Entity"*, GASB No. 39, *"Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14"*, and GASB No. 61, *"The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34"* established the criterion for determining which component units should be considered part of the Commission for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Reporting Entity (Continued)**

2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Commission and the potential component unit.
4. Imposition of will by the Commission on the potential component unit.
5. Financial benefit/burden relationship between the Commission and the potential component unit.

The Commission has reviewed all of its activity and determined that there are no potential component units and the basic financial statements include all the fund types of the entity.

**b) Basis of Presentation**

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

**Government-Wide Financial Statements**

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the Commission. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Commission as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

*Governmental Activities* represent programs, which normally are financed through intergovernmental revenues and other nonexchange revenues.

*Business-Type Activities* are financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (Continued)**

**Government-Wide Financial Statements (Continued)**

Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special programs. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Dues and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The focus of the fund financial statement is on major funds. The daily accounts and operations of the Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the Commission are grouped, into generic fund types and broad fund categories as follows:

Governmental activities presented as governmental funds in the fund financial statements:

**General Fund** - The General Fund is the general operating fund of the Commission. It is used to account for and reported all financial resources except those that are required to be accounted for and reported in another fund. The General Fund is always a major fund.

**Special Revenue Funds** - Special revenue funds are used to account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specified purposes. Special revenue funds reported as major funds in the fund financial statements are as follows:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Fund Financial Statements (Continued)

**Loan Fund** - used to account for and report receipts and uses of grant funds received from various federal agencies which are restricted to uses specified as economic development loans and grants as specified in grant documents.

**Grant Fund** - used to account for and report the receipts and disbursements of Federal and State grant programs as services are performed.

**Capital Projects Fund** - used to account for and report the financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by the Proprietary Funds). The Capital Projects Fund is reported as a major fund.

**Debt Service Fund** - used to account for and report financial resources that are restricted, committed or assigned expenditures for debt principal, interest and related costs. The Debt Service Fund is reported as a major fund.

Business activities presented as proprietary funds in the fund financial statements:

**Enterprise Funds** - are used to account for operations: (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements, the enterprise funds reported as a major fund in the fund financial statements are as follows:

**Regional Building Code Fund** - accounts for and reports the providing of construction plan approval and inspection services to the residents of the participating municipalities and parishes in which the Commission serves. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, billing and collection.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (Continued)**

**Fund Financial Statements (Continued)**

**Information Technology Fund** - accounts for and reports the design, development, maintenance and marketing of computer software used by local governmental organizations. All activities necessary to provide such services are accounted for in this fund including but not limited to design, software configuration, software interfaces, coding, testing, training and software maintenance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds include the cost of services, administrative expenses, depreciation of capital assets, and amortization of intangible assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**c) Basis of Accounting and Measurement Focus**

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

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Fund Financial Statements**

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Basis of Accounting and Measurement Focus (Continued)**

**Fund Financial Statements (Continued)**

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Member assessments are recognized as revenues in the period for which they are assessed. Grant and contract revenues are recognized when earned since they are measurable and available. Interest earned and other miscellaneous revenues are recorded as revenues when received in cash by the Commission because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is vacation and sick leave which are recognized when paid. Allocations of cost such as depreciation are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

**d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Budgets and Budgetary Accounting**

The Commission under the terms of its charter, adopts an annual budget. This budget is for the General Fund and special revenue funds. Special revenue funds, which as of June 30, 2019 consisted of various government and government agency projects, are budgeted on a project by project basis as funding becomes available. The General Fund and special revenue funds budgets were amended during the year to reflect changes in budgeted revenues, expenditures and operating transfers as dictated by the circumstances.

Budgets for carryover grants and projects, which are to be performed over more than one accounting period, are reflected only to the extent they affect the current period being reported on. Budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

Major funds are included in the budget presentations in the basic financial statements. The budgets are adopted on a basis materially consistent with accounting principles generally accepted in the United States of America (GAAP).

The Capital Projects Fund present project budgets as opposed to annual budgets and are not reported in the accompanying financial statements. The Debt Service Fund does not employ formal budgetary accounting because control is achieved through the indenture provisions of the bonds or certificates.

**f) Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in regular and money market accounts.

For purposes of the Statement of Cash Flows, cash and cash equivalents include certificates of deposit with maturities of three months or less when purchased.

**g) Accounts and Loans Receivable**

The financial statements of the Commission contain no allowance for uncollectible accounts receivable. Uncollectible amounts due for member assessments, contract revenues and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Miscellaneous accounts receivable and amounts due from other governments in excess of 60 days comprise the accounts receivable allowance for uncollectibles. These amounts are not considered to be material in relation to the financial position or operations of the funds of the Commission.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g) Accounts and Loans Receivable (Continued)**

Economic loans are shown net of an allowance for loan losses. Additions to the allowance for loan losses are recognized as expenditures in the governmental fund financial statements at the time information becomes available which would indicate the loan is less than fully collectible. As of June 30, 2019, the loan loss reserve amounted to \$2,309,588, which is a decrease of \$1,861,343 including loan write-offs of \$983,675 for the year ended June 30, 2019.

**h) Capital Assets**

Capital assets, which include buildings, furniture, fixtures equipment and intangible assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Commission as assets purchased, acquired or developed with an original cost of \$1,000 or more. Such assets are recorded at historical costs or estimated historical cost if actual is unavailable.

Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

As described above, capital assets also include the historical cost of intangible assets. As of June 30, 2019 the Commission's intangible assets consist of computer software costs purchased and developed internally. For purposes of identifying capitalizable computer software costs, the Commission has classified activities into (1) preliminary stage, (2) application development stage, and (3) post-implementation/operation stage. Costs incurred during the application development stage are capitalized, while costs incurred during preliminary and post-implantation/operational the stages are expensed as incurred.

Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Furniture, fixtures, and equipment	4 - 25 years
Intangible assets	10 years

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Non-Current Liabilities**

The accounting treatment of non-current liabilities depends on whether they are reported in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All non-current liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The non-current liabilities consist of certificates of indebtedness, accumulated annual leave and net pension liability.

Fund Financial Statements:

Non-current liabilities for governmental funds are not reported as liabilities in the governmental fund financial statements. In the proprietary fund financial statements non-current liabilities are reported as liabilities.

The Commission's policies regarding vacation and sick leave permit employees to accumulate earned but unused vacation. The liability for these compensated absences is recorded as liabilities in the government-wide statements and the proprietary fund type fund statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

**j) Compensated Absences**

All full-time, permanent employees of the Commission receive two weeks of vacation which accrues at a rate of 3.08 hours per pay period beginning with the first day of full-time, permanent employment. After five years of service employees will receive three weeks of vacation at a rate of 4.62 hours per pay period, and will receive an additional day of vacation per year of service after ten years of continuous employment. Vacation cannot be used for the first three months of full-time, permanent employment. Employees may carry over a maximum of 100 hours, 150 hours if employed five years or longer, of vacation from one fiscal year to another. Any time in excess of the carryover limits must be approved by the Chief Executive Officer before the end of the fiscal year or the excess time will be lost without compensation. Vacation is paid when an employee terminates service with the Commission.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Compensated Absences**

All full-time, permanent employees of the Commission earn sick leave at the rate of one day per month or 3.69 hours per pay period. No limits on this accrual privilege have been established. Sick leave can be accumulated but does not vest and, therefore, a provision has not been made for sick leave.

**k) Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System of Louisiana (MERS) and additions to/deductions from MERS fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of MERS are reported at fair value.

**l) Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

**m) Interfund Transactions**

In the financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be paid. For reporting purposes, all interfund transactions between individual governmental funds have been

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m) Interfund Transactions (Continued)**

eliminated in the government-wide financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

**n) Indirect Cost Plan**

The Commission maintains an indirect cost plan for the allocation of costs that are incurred for a common or joint purpose benefiting more than one cost objective and not readily assignable to the cost objectives specifically benefited through June 30, 2019. These indirect costs are allocated based on direct salaries incurred by each fund benefiting from the indirect costs.

**o) Fund Equity**

Government-wide Statements:

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.

Restricted net position - Consists of assets less liabilities (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o) Fund Equity (Continued)**

Fund Financial Statements:

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

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

For the classification of governmental fund balances, the Commission considers an expenditure to be made from the most restrictive first when more than one classification is available. The Commission's fund balance was classified as non-spendable, restricted, assigned and unassigned as of June 30, 2019.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**p) New GASB Statements**

During the year ending June 30, 2019, the Commission implemented the following GASB Statements:

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources. This statement did not affect the Commission's financial statements.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The statement clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This statement did not affect the Commission's financial statements.

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

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**p) New GASB Statements (Continued)**

units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 87, *"Leases"* increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this statement on the financial statements.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**p) New GASB Statements (Continued)**

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this statement are effective for reporting period beginning after December 15, 2018. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this statement on the financial statements.

**Note 2 - DEPOSITS**

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

**Note 2 - DEPOSITS (Continued)**

Bank Deposits:

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

The year end balances of deposits are as follows:

	Bank Balances	Reported Amount
Cash	\$8,947,029	\$8,784,132

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a written policy for custodial credit risk which follows state law. As of June 30, 2019, \$8,697,029 of the Commission's bank balance of \$8,947,029 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent and are deemed to be in the Commission's name by state law.

As of June 30, 2019, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Commission. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

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

Cash on hand	\$ 100
Carrying amount of deposits	8,784,132
Total cash	\$8,784,232

**Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS**

As of June 30, 2019 due from other governmental units consisted of the following:

Agency	Governmental Activities	Business- Type Activities	Totals
U.S. Environmental Prot. Agency, Region 6	\$ 410,359	\$ -	\$ 410,359
U.S. Economic Development Administration	160,722	-	160,722
Delta Regional Authority Admin/Other Projects	6,000	-	6,000
Louisiana Association of Planning and Development Districts	2,400	-	2,400
Louisiana Department of Economic Development	73,248	-	73,248
LA Dept. of Transportation and Development	156,196	-	156,196
Louisiana Department of Wildlife & Fisheries	66,177	-	66,177
Louisiana Office of Cultural Development	-	7,000	7,000
Gov. Office of Homeland Security Emergency Preparedness	9,972	-	9,972
Alexandria, LA	-	3,347	3,347
Ascension Parish, LA	-	5,940	5,940
Assumption Parish Police Jury, LA	522	-	522
BTEF-Bayou Folse Watershed	133,120	-	133,120
Choudrant, LA	-	56	56
Covington, LA	-	1,750	1,750
Denham Springs, LA	-	500	500
East Baton Rouge Parish, LA	-	182,733	182,733
Golden Meadow, LA	20,200	-	20,200
Gonzales, LA	-	1,030	1,030
Gramercy, LA	-	180	180
Gretna, LA	-	438	438
Jefferson Parish, LA	-	4,783	4,783
Lafourche Parish, LA	52,825	4,873	57,698
Lake Charles, LA	-	1,784	1,784
LaMats, LA	-	500	500
Lockport, LA	-	56	56
Madisonville, LA	-	56	56
Mandeville, LA	-	1,033	1,033
Morgan City, LA	-	279	279
New Roads, LA	-	521	521
Plaquemines, LA	-	1,667	1,667
Port of New Orleans, LA	-	100	100
Ruston, LA	-	3,667	3,667
St Bernard Parish, LA	-	1,052	1,052
St Charles Parish, LA	1,473	662	2,135
St Gabriel, LA	-	260	260
St Helena, LA	-	3,169	3,169
St James Parish, LA	9,594	3,270	12,864
St John the Baptist Parish, LA	3,973	-	3,973
St Mary Parish, LA	-	875	875

**Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS (Continued)**

Agency	Governmental Activities	Business- Type Activities	Totals
Terrebonne Levee and Conservation District, LA	16,688	-	16,688
Washington Parish, LA	-	1,814	1,814
West Baton Rouge Parish, LA	-	800	800
West Feliciana Parish, LA	-	350	350
West Lake, LA	-	833	833
Riverside, AL	-	113	113
Escambia County, FL	-	7,033	7,033
Hernando, MS	-	448	448
Pigeon Forge, TN	-	1,393	1,393
Sevierville, TN	-	647	647
Charles Town, WV	-	981	981
Ranson, WV	-	1,081	1,081
Bee Cave, TX	-	3,650	3,650
Belton, TX	-	1,258	1,258
Buda, TX	-	500	500
Burnett, TX	-	467	467
Campbell, CA	-	1,975	1,975
Cedar Park, TX	-	3,397	3,397
Chambers County, TX	-	2,321	2,321
Dripping Springs, TX	-	833	833
Farragut, TN	-	6,617	6,617
Fort Bend, TX	-	8,077	8,077
Gatlinburg, TN	-	1,528	1,528
Georgetown, TX	-	4,897	4,897
Grayson County, TX	-	500	500
Harker Heights, TX	-	3,667	3,667
Hays, TX	-	2,220	2,220
Hinsdale, CO	-	100	100
Houston Airport, TX	-	4,131	4,131
Hutto, TX	-	730	730
Indian River County, TX	-	1,179	1,179
Johnson County Wastewater	-	79,001	79,001
Juno Beach, FL	-	2,204	2,204
Jonestown, TX	-	767	767
Kerrville, TX	-	5,860	5,860
LaGo Vista, TX	-	1,165	1,165
LCRA, TX	-	14,310	14,310
Leander, TX	-	4,250	4,250
Liberty Hill, TX	-	1,000	1,000
Livingston, TX	-	6,188	6,188
Manor, TX	-	1,750	1,750
Marble Falls, TX	-	1,024	1,024
Mont Belvieu, TX	-	272	272
Nacogdoches, TX	-	1,102	1,102
Olmos Park, TX	-	260	260
Pflugerville, TX	-	8,273	8,273
San Marcos, TX	-	2,954	2,954

**Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS (Continued)**

Agency	Governmental Activities	Business- Type Activities	Totals
Sebastian City, TX	-	1,233	1,233
Shreveport, LA	-	19,627	19,627
Superstition Mountains, TX	-	1,213	1,213
Taylor, TX	-	1,399	1,399
Temple, TX	-	38,821	38,821
Travis County, TX	-	24,332	24,332
Trinity River Authority of TX	-	994	994
	<u>\$ 1,125,831</u>	<u>\$ 550,497</u>	<u>\$ 1,676,328</u>

As of June 30, 2019, governmental activities included \$149,715 of unbilled grant receivables reported in the Grant Fund. There were no unbilled receivables from business activities as of June 30, 2019.

**Note 4 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables consist of the following as of June 30, 2019:

Individual Funds	Interfund Receivables	Interfund Payables
General Fund	\$ 2,028,946	\$ 1,318,169
Special Revenue Fund:		
Loan Fund	409,041	111,215
Grant Funds	-	181,009
Capital Projects Fund	69,093	-
Enterprise Funds:		
Building Code Fund	-	427
Information Technology Fund	-	896,260
Totals	<u>\$ 2,507,080</u>	<u>\$ 2,507,080</u>

The balances above resulted from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Note 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not subject to depreciation:				
Construction in progress	\$ -	\$ 13,042	\$ -	\$ 13,042
Capital assets being depreciated:				
Buildings	4,264,573	-	-	4,264,573
Furniture, fixtures, and equipment	544,362	19,986	-	564,348
Total capital assets being depreciated	<u>4,808,935</u>	<u>19,986</u>	<u>-</u>	<u>4,828,921</u>
Less accumulated depreciation for:				
Buildings	(480,809)	(89,652)	-	(570,461)
Furniture, fixtures, and equipment	<u>(465,801)</u>	<u>(27,215)</u>	<u>-</u>	<u>(493,016)</u>
Total accumulated depreciation	<u>(946,610)</u>	<u>(116,867)</u>	<u>-</u>	<u>(1,063,477)</u>
Total governmental activities capital assets, net	<u>\$3,862,325</u>	<u>\$ (83,839)</u>	<u>\$ -</u>	<u>\$3,778,486</u>
 <b><u>Business-Type Activities:</u></b>				
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 779,270	\$ 129,941	\$ -	\$ 909,211
Intangible assets	<u>1,902,055</u>	<u>341,168</u>	<u>-</u>	<u>2,243,223</u>
Total capital assets being depreciated	<u>2,681,325</u>	<u>471,109</u>	<u>-</u>	<u>3,152,434</u>
Less accumulated depreciation for:				
Furniture, fixtures, and equipment	(610,914)	(74,569)	-	(685,483)
Intangible assets	<u>(779,205)</u>	<u>(168,048)</u>	<u>-</u>	<u>(947,253)</u>
Total accumulated depreciation	<u>(1,390,119)</u>	<u>(242,617)</u>	<u>-</u>	<u>(1,632,736)</u>
Total governmental activities capital assets, net	<u>\$1,291,206</u>	<u>\$228,492</u>	<u>\$ -</u>	<u>\$1,519,698</u>

During 2019, the Commission recognized \$116,867 of depreciation and amortization expense in governmental activities and reported it in the general economic development and assistance.

**Note 6 - ACCOUNTS PAYABLE**

As of June 30, 2019, the Commission had accounts payable reported in the Governmental Activities of \$512,639 and \$96,195 in Business-type Activities. The General Fund pays all Capital Projects Fund, Loan Fund and Grant Fund expenditures therefore the table below also reports the incurred charges in the Capital Projects Fund, Loan Fund and Grant Fund.

	<u>Personal Services</u>	<u>Vendors</u>	<u>Totals</u>
<b>Governmental Activities:</b>			
General Fund	\$45,960	\$ 39,499	\$ 85,459
Loan Fund	-	180,656	180,656
Grant Fund	-	246,524	246,524
	<u>45,960</u>	<u>466,679</u>	<u>512,639</u>
<b>Business-Type Activities:</b>			
Regional Building Code Fund	17,018	2,602	19,620
Information Technology Fund	25,971	50,604	76,575
	<u>42,989</u>	<u>53,206</u>	<u>96,195</u>
Totals	<u>\$88,949</u>	<u>\$519,885</u>	<u>\$608,834</u>

**Note 7 - NON-CURRENT LIABILITIES**

Non-current liabilities as of June 30, 2019 consisted of accumulated annual leave (vacation pay) amounts vested with employees, net pension liability and certificates of indebtedness. The following is a summary of changes in the non-current liabilities of the Commission for the year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
2014 certificates of indebtedness	\$ 107,144	\$ -	\$ (35,714)	\$ 71,430	\$ 35,715
Net pension liability	1,591,027	114,449	-	1,705,476	-
Compensated absences	86,952	9,680	-	96,632	70,504
<b>Business-Type Activities</b>					
Net pension liability	1,640,949	-	(257,801)	1,383,148	-
Compensated absences	76,655	-	(2,459)	74,196	50,475
Totals	<u>\$3,502,727</u>	<u>\$124,129</u>	<u>\$(295,974)</u>	<u>\$3,330,882</u>	<u>\$156,694</u>

**Note 7 - NON-CURRENT LIABILITIES (Continued)**

Funding of accumulated annual leave is to be provided from revenues of various funds, except when disallowed by grant program, at the time paid. Accumulated annual leave disallowed by grant programs is paid by the General Fund. Funding of the net pension liability is provided by the fund that incurs the related payroll. Funding of the payments for the certificates of indebtedness is to be provided by the General Fund.

On May 14, 2014, the Commission issued \$250,000 of Certificates of Indebtedness, Series 2014A for the purpose of making capital improvements. The certificates are secured by a pledge of revenue. The certificates mature on May 1, 2021 and with an interest rate of 4.50%. Interest payments are due quarterly on February 1, May 1, August 1, and November 1. Principal is due annually on May 1.

Fiscal Year	Certificates of Indebtedness		
	Principal	Interest	Totals
2020	\$35,715	\$3,214	\$38,929
2021	35,715	1,607	37,322
Totals	\$71,430	\$4,821	\$76,251

**Note 8 - UNEARNED REVENUES**

Unearned revenues are reported in the governmental and business-type activities. In the General Fund unearned revenue represents advances on governmental grants as of June 30, 2019. While unearned revenues reported in the Information Technology Fund represents advance payments from customers for the use of software. For the year ended June 30, 2019 the unearned revenue activity consisted of the following:

	General Fund	Grant Fund	Information Technology Fund	Regional Building Code Fund
Balance June 30, 2018	\$ 79,375	\$ -	\$92,920	\$50,000
Advances	147,979	16,494	-	-
Earnings	-	-	(7,248)	(50,000)
Balance June 30, 2019	\$227,354	\$16,494	\$85,672	\$ -

**Note 9 - RECONCILIATION OF TRANSFERS**

A reconciliation of operating transfers for the year ended June 30, 2019 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds		
General fund:		
Loan fund	\$ -	\$ 13,754
Grant fund	157,467	187,949
Debt service fund	<u>-</u>	<u>43,780</u>
Totals	<u>157,467</u>	<u>245,483</u>
Loan fund:		
General fund	13,754	-
Loan fund	<u>487,688</u>	<u>487,688</u>
Totals	<u>501,442</u>	<u>487,688</u>
Grant fund		
General fund	<u>177,761</u>	<u>147,279</u>
Debt service fund		
General fund	<u>43,780</u>	<u>-</u>
Grand totals	<u>\$880,450</u>	<u>\$880,450</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**Note 10 - RISK MANAGEMENT**

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

**Note 11 - PENSION PLAN**

**Plan Description.** The Commission contributes to the Municipal Employees Retirement System of Louisiana - Plan B (the System), a cost-sharing, multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. The Municipal Employees Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

**Benefits Provided.** The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member's monthly average final compensation multiplied by the years of creditable service. Members hired before January 1, 2013 can retire providing the member meets one of the following criteria: any age with thirty years of creditable service, age sixty with a minimum of ten or more years of creditable service, any age with ten years of creditable service eligible for disability benefits, or survivor's benefits requiring five years of creditable service at death of the member. Members hired on or after January 1, 2013 may retire providing the member meets one of the following: age sixty-seven with seven or more years of creditable service, age sixty-two with ten or more years of creditable service, age fifty-five with thirty or more years of creditable service, or any age with twenty-five years of creditable service, exclusive of military service and unused annual sick leave. However, any member retiring under the final listed criteria shall have the benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age. The State Legislature authorized the System to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. During participation in DROP, employer contributions continue but employee contributions cease. Upon termination, of employment or the end of the specified DROP period, a participant may receive at their option a lump sum equal to the payments in their account or an annuity based upon the account balance. The election to participate in DROP is irrevocable once participation begins and monthly retirement benefits are paid in an interest earning DROP fund. Members with ten or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State legislature.

**Note 11 - PENSION PLAN (Continued)**

**Contributions.** According to state statute, contribution requirements for all employers are actuarially determined each year. For the years ended June 30, 2019 and 2018, the actual employer contribution rate was 14.00% and 13.25%, respectively.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Contributions to the System from the Commission were \$367,498 for the year ended June 30, 2019.

**Pension Liabilities.** As of June 30, 2019, the Commission reported a liability of \$3,088,624 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2018, the Commission's proportion was 3.652%, which was a decrease of .083% from its proportion measured as of June 30, 2017.

**Pension Expense.** For the year ended June 30, 2019, the Commission recognized pension expense of \$586,115.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** As of June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 8,275	\$(139,111)
Net difference between projected and actual earnings on pension plan investments	502,006	-
Changes in proportion share	45,792	(134,465)
Change in assumptions	115,579	-
Commission contributions subsequent to the measurement date	<u>367,498</u>	<u>-</u>
	<u>\$1,039,150</u>	<u>\$(273,576)</u>

**Note 11 - PENSION PLAN (Continued)**

The Commission reported \$367,498 as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ended June 30th,	<u>Amount</u>
2020	\$257,532
2021	79,452
2022	45,519
2023	<u>15,573</u>
Total	<u>\$398,076</u>

**Actuarial Assumptions.** A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Expected Remaining	
Service Lives	3 years.
Investment Rate of Return	7.275%, net of investment expense.
Projected Salary Increases	5.00% (2.600% inflation, 2.400% merit).
Mortality Rates	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward two years for males and set forward one year for females projected to 2028 using scale AA.
Cost of Living	
Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the

**Note 11 - PENSION PLAN (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.70% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 7.00% for the year ended June 30, 2018. Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2018 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50.00%	2.20%
Public fixed income	35.00%	1.50%
Alternatives	15.00%	0.60%
Total	100.00%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Rate		7.00%

**Discount Rate.** The discount rate used to measure the collective pension liability was 7.275%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by Public Retirement System's Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Commission Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate.** The following presents the Commission's proportionate share of the collective net pension liability using the discount rate of 7.275%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.275%) or one percentage-point higher (8.275%) than the current rate are on the next page:

**Note 11 - PENSION PLAN (Continued)**

	1.00% Decrease <u>(6.275%)</u>	Current Discount Rate <u>(7.275%)</u>	1.00% Increase <u>(8.275%)</u>
Commission's proportionate share share of the net pension liability	<u>\$4,053,441</u>	<u>\$3,088,624</u>	<u>\$2,268,445</u>

**Pension Plan Fiduciary Net Position.** The Municipal Employees Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2018. Access to the report can be found on the Louisiana Legislative Auditor's website, [www.la.gov](http://www.la.gov).

**Note 12 - COMPENSATION OF COMMISSIONERS**

Commissioners for South Central Planning & Development Commission, Inc. received no compensation during the year ended June 30, 2019.

**Note 13 - CONTINGENCIES**

The Commission received funding under grants from various federal and state governmental agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

**Note 14 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 30, 2019, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE COMMISSION'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY**

**South Central Planning & Development Commission, Inc.**

For the four years ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commission's proportion of the net pension liability	3.652%	3.735%	4.066%	3.724%
Commission's proportionate share of the net pension liability	<u>\$ 3,088,624</u>	<u>\$ 3,231,975</u>	<u>\$ 3,370,838</u>	<u>\$ 2,531,092</u>
Commission's covered-employee payroll	<u>\$ 2,706,103</u>	<u>\$ 2,772,614</u>	<u>\$ 2,987,763</u>	<u>\$ 2,584,039</u>
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>87.62%</u>	<u>85.79%</u>	<u>88.64%</u>	<u>102.09%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>65.60%</u>	<u>63.49%</u>	<u>63.34%</u>	<u>68.71%</u>

The schedule is provided prospectively beginning with the Commission's fiscal year ended June 30, 2016, and is intended to show a ten year trend. Additional years will be reported as they become available.

**SCHEDULE OF COMMISSION CONTRIBUTIONS**

**South Central Planning & Development Commission, Inc.**

For the four years ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 367,498	\$ 358,559	\$ 304,987	\$ 283,837
Contributions in relation to the contractually required contribution	<u>(367,498)</u>	<u>(358,559)</u>	<u>(304,987)</u>	<u>(283,837)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered payroll	<u>\$ 2,624,983</u>	<u>\$ 2,706,103</u>	<u>\$ 2,772,614</u>	<u>\$ 2,987,763</u>
Contributions as a percentage of covered-employee payroll	<u>14.00%</u>	<u>13.25%</u>	<u>11.00%</u>	<u>9.50%</u>

The schedule is provided prospectively beginning with the Commission's fiscal year ended June 30, 2016, and is intended to show a ten year trend. Additional years will be reported as they become available.

**SUPPLEMENTARY INFORMATION SECTION**

## LOAN PROGRAMS

**EPA Brownfield Revolving Loan Program** - accounts for and report receipts and uses of grant funds received from the United States Environmental Protection Agency which are restricted to uses specified in the grant documents.

**Economic Development Administration Revolving Loan Program** - accounts for and reports receipts and uses of grant funds received from the United States Department of Commerce (Economic Development Administration) to operate a revolving loan program.

**Louisiana Economic Development Small Business Recovery Loan and Grant Phase I Program** - accounts for and reports receipts and uses of Phase I of Louisiana Department of Economic Development grant funds for the disbursement of Community Development Block Grants provided by the United States Department of Housing and Urban Development.

**Louisiana Economic Development Small Business Recovery Loan and Grant Phase II Program** - accounts for and reports receipts and uses of Phase II of Louisiana Department of Economic Development grant funds for the disbursement of Community Development Block Grants provided by the United States Department of Housing and Urban Development.

**Louisiana Economic Development Revolving Capital Program** - accounts for and reports receipts and uses of Louisiana Department of Economic Development grant funds for the disbursement of Community Development Block Grants provided by United States Department of Housing and Urban Development.

**Louisiana Economic Development Innovation Loan Program** - accounts for and report receipts and uses of Louisiana Department of Economic Development grant funds which is provided from the United States Department of Housing and Urban Development, funds are restricted to uses specified in the grant documents.

**Louisiana Economic Innovation Revolving Capital Program** - accounts for and reports receipts and uses of Louisiana Department of Economic Development grant funds for the disbursement of Community Development Block Grants provided by the United States Department of Housing and Urban Development to operate a revolving loan program.

**Louisiana Economic Development District #4 Revolving Capital Program** - accounts for and reports receipts and uses of Louisiana Department of Economic Development grant funds for the disbursement of Community Development Block Grants provided by United States Department of Housing and Urban Development.

## **LOAN PROGRAMS**

**(Continued)**

**St. John the Baptist Grant & Loan Program** - accounts for and reports receipts and uses of Louisiana Department of Economic Development disaster recovery grant funds which provided from the United States Department of Housing and Urban Development to operate a revolving loan program.

**Restore Louisiana Small Business Program** - accounts for and reports receipts and uses of Restore Louisiana Small Business grant funds for the disbursement of Community Development Block Grants provided by the United States Department of Housing and Urban Development.

**COMBINING BALANCE SHEET -  
LOAN PROGRAMS**

**South Central Planning & Development Commission, Inc.**

June 30, 2019

	EPA Brownfield Revolving Loan Program	Economic Development Administration Revolving Loan Program	Louisiana Economic Development Small Business Recovery Loan and Grant Phase I Program	Louisiana Economic Development Small Business Recovery Loan and Grant Phase II Program
<b>Assets</b>				
Cash	\$ 53,870	\$ 523,573	\$ 501	\$ 1
Receivables:				
Economic loans	777,554	1,224,773	-	1
Due from other governments	201,288	-	-	-
Due from other funds	-	149,041	-	-
Deposits	-	-	-	-
	<u>\$ 1,032,712</u>	<u>\$ 1,897,387</u>	<u>\$ 501</u>	<u>\$ 2</u>
<b>Liabilities</b>				
Accounts payable and accrued expenditures	\$ 180,530	\$ -	\$ -	\$ -
Due to other funds	20,758	-	-	-
	<u>201,288</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>				
Nonspendable	777,554	1,224,773	-	1
Restricted	53,870	672,614	501	1
	<u>831,424</u>	<u>1,897,387</u>	<u>501</u>	<u>2</u>
Total fund balance	<u>831,424</u>	<u>1,897,387</u>	<u>501</u>	<u>2</u>
Total liabilities and fund balance	<u>\$ 1,032,712</u>	<u>\$ 1,897,387</u>	<u>\$ 501</u>	<u>\$ 2</u>

Louisiana Economic Development Revolving Capital Program	Louisiana Economic Innovation Loan Program	Louisiana Economic Innovation Revolving Capital Program	Louisiana Economic Development District #4 Revolving Capital Program	St. John the Baptist Grant and Loan Program	Restore Louisiana Small Business Program	Total Loan Fund
\$ 1,073,588	\$ 18,284	\$ 725,217	\$ 2,785,275	\$ 426,260	\$ 2,570,429	\$ 8,176,998
3,141,557	731,264	951,128	543,768	489,611	22,301,527	30,161,183
-	-	-	-	-	73,250	274,538
-	-	100,000	160,000	-	-	409,041
-	-	-	-	-	128	128
<u>\$ 4,215,145</u>	<u>\$ 749,548</u>	<u>\$ 1,776,345</u>	<u>\$ 3,489,043</u>	<u>\$ 915,871</u>	<u>\$ 24,945,334</u>	<u>\$ 39,021,888</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126	\$ 180,656
-	-	-	-	-	90,457	111,215
-	-	-	-	-	90,583	291,871
3,141,557	731,264	951,128	543,768	489,611	22,301,527	30,161,183
1,073,588	18,284	825,217	2,945,275	426,260	2,553,224	8,568,834
<u>4,215,145</u>	<u>749,548</u>	<u>1,776,345</u>	<u>3,489,043</u>	<u>915,871</u>	<u>24,854,751</u>	<u>38,730,017</u>
<u>\$ 4,215,145</u>	<u>\$ 749,548</u>	<u>\$ 1,776,345</u>	<u>\$ 3,489,043</u>	<u>\$ 915,871</u>	<u>\$ 24,945,334</u>	<u>\$ 39,021,888</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - LOAN PROGRAMS**

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

	<u>EPA Brownfield Revolving Loan Program</u>	<u>Economic Development Administration Revolving Loan Program</u>	<u>Louisiana Economic Development Small Business Recovery Loan and Grant Phase I Program</u>	<u>Louisiana Economic Development Small Business Recovery Loan and Grant Phase II Program</u>
<b>Revenues</b>				
Intergovernmental	\$219,769	\$ -	\$ -	\$ -
Recoveries of doubtful loans	-	111,483	6,300	-
Interest earned	9,844	49,007	-	-
Miscellaneous	<u>118,023</u>	<u>4,082</u>	<u>100</u>	<u>-</u>
Total revenues	<u>347,636</u>	<u>164,572</u>	<u>6,400</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Economic development and assistance:				
Personal services	42,582	-	-	-
Supplies and materials	62	-	-	-
Other services and charges	400,511	26,290	-	-
Provision for doubtful loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>443,155</u>	<u>26,290</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>(95,519)</u>	<u>138,282</u>	<u>6,400</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	7,850	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>(7,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>7,850</u>	<u>-</u>	<u>(7,400)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(87,669)</u>	<u>138,282</u>	<u>(1,000)</u>	<u>-</u>
<b>Fund Balance</b>				
Beginning of year	<u>919,093</u>	<u>1,759,105</u>	<u>1,501</u>	<u>2</u>
End of year	<u><u>\$831,424</u></u>	<u><u>\$1,897,387</u></u>	<u><u>\$ 501</u></u>	<u><u>\$ 2</u></u>

Louisiana Economic Development Revolving Capital Program	Louisiana Economic Innovation Loan Program	Louisiana Economic Innovation Revolving Capital Program	Louisiana Economic Development District #4 Revolving Capital Program	St. John the Baptist Grant and Loan Program	Restore Louisiana Small Business Program	Total Loan Fund
\$ -	\$ -	\$ -	\$ -	\$ 19,561	\$ 8,079,918	\$ 8,319,248
1,160,984	123,248	-	424,692	-	-	1,826,707
147,636	8,385	36,727	66,126	13,270	11,281	342,276
9,244	2,221	3,225	1,039	2,575	6,709	147,218
<u>1,317,864</u>	<u>133,854</u>	<u>39,952</u>	<u>491,857</u>	<u>35,406</u>	<u>8,097,908</u>	<u>10,635,449</u>
-	-	-	-	6,306	292,262	341,150
-	-	-	-	34	11,115	11,211
204,872	-	43,654	38,268	25,613	420,729	1,159,937
781,854	1	-	167,184	-	-	949,039
<u>986,726</u>	<u>1</u>	<u>43,654</u>	<u>205,452</u>	<u>31,953</u>	<u>724,106</u>	<u>2,461,337</u>
<u>331,138</u>	<u>133,853</u>	<u>(3,702)</u>	<u>286,405</u>	<u>3,453</u>	<u>7,373,802</u>	<u>8,174,112</u>
7,400	-	480,289	-	5,903	-	501,442
-	(480,288)	-	-	-	-	(487,688)
<u>7,400</u>	<u>(480,288)</u>	<u>480,289</u>	<u>-</u>	<u>5,903</u>	<u>-</u>	<u>13,754</u>
338,538	(346,435)	476,587	286,405	9,356	7,373,802	8,187,866
<u>3,876,607</u>	<u>1,095,983</u>	<u>1,299,758</u>	<u>3,202,638</u>	<u>906,515</u>	<u>17,480,949</u>	<u>30,542,151</u>
<u>\$4,215,145</u>	<u>\$ 749,548</u>	<u>\$ 1,776,345</u>	<u>\$ 3,489,043</u>	<u>\$ 915,871</u>	<u>\$ 24,854,751</u>	<u>\$ 38,730,017</u>

## GRANT PROGRAMS

**Economic Development Administration Grant Program** - accounts for and reports receipts and uses of grant funds received from the United States Department of Commerce (Economic Development Administration) which are restricted to uses as specified in the grant documents.

**MPO Transit Planning Services Grant Program** - accounts for and reports receipts and uses of grant funds received from the State of Louisiana, Department of Transportation and Development Public Transportation Section, which are restricted to uses as specified in the contract documents.

**MPO Highway Services Grant Program** - accounts for and reports receipts and uses of grant funds received from the State of Louisiana, Department of Transportation and Development, which are restricted to uses as specified in the contract documents.

**EPA Brownfield Petroleum Assessment Part II Grant Program** - accounts for and reports receipts and uses of grant funds received from the United States Environmental Protection Agency which are restricted to uses specified in the grant documents.

**EPA Brownfield Hazardous Site Assessment Part II Grant Program** - accounts for and reports receipts and uses of grant funds received from the United States Environmental Protection Agency which are restricted to uses specified in the grant documents.

**Delta Regional Authority Grant Program** - accounts for and reports receipts and uses of grant funds received from Delta Regional Authority.

**EPA River Region Waste Water Grant Program** - accounts for and reports receipts and uses of grant funds received from the United States Environmental Protection Agency which are restricted to those uses as specified in the contract documents.

**EPA Clean Water Action Plan** - accounts for and reports receipts and uses of grant funds received from the United States Environmental Protection Agency which are restricted to uses as specified in the grant documents.

**Louisiana Wildlife and Fisheries Survey Assistance Grant Program** - accounts for and reports receipts and uses of grant funds received from the State of Louisiana Department of Wildlife and Fisheries which are restricted to uses specified in the grant documents.

## **GRANT PROGRAMS**

**(Continued)**

**DOTD Regional Highway Safety Plan Program** - accounts for and reports receipts and uses of grant funds received from the State of Louisiana, Department of Transportation and Development, which are restricted to uses as specified in the contract documents.

**Regional Human Services Transportation Plan** - accounts for and reports receipts and uses of grant funds received from the State of Louisiana, Department of Transportation and Development, which are restricted to uses as specified in the contract documents.

**DOTD Travel Demand Management Program** - accounts for and reports receipts and uses of grant funds received from the State of Louisiana, Department of Transportation and Development, which are restricted to uses as specified in the contract documents.

**DOTD FHWA Civic Center Blvd and Valhi Blvd Study in Terrebonne Parish** - accounts for and reports receipts and uses of grant funds received from the State of Louisiana, Department of Transportation and Development Public Transportation Section, which are restricted to uses as specified in the contract documents.

**DOTD South Central Bike & Ped Safety Plan** - accounts for and reports receipts and uses of grant funds received from the State of Louisiana, Department of Transportation and Development Public Transportation Section, which are restricted to uses as specified in the contract documents.

**DOTD Houma - Thibodaux MPO Transportation Plan Update** - accounts for and reports receipts and uses of grant funds received from the State of Louisiana, Department of Transportation and Development Public Transportation Section, which are restricted to uses as specified in the contract documents.

**COMBINING BALANCE SHEET -  
GRANT PROGRAMS**

**South Central Planning & Development Commission, Inc.**

June 30, 2019

	Economic Development Administration Grant Program	MPO Transit Planning Services Grant Program	MPO Highway Services Grant Program	EPA Brownfield Petroleum Assessment Part II Grant Program	EPA Brownfield Hazardous Site Assessment Part II Grant Program	Delta Regional Authority Grant Program	EPA River Region Waste Water Grant Program
<b>Assets</b>							
Due from other governments	\$ 11,932	\$ 9,967	\$ -	\$ 3,682	\$ 251	\$ 6,000	\$ 7,848
Prepaid other	<u>1,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>-</u>
Total assets	<u>\$ 13,820</u>	<u>\$ 9,967</u>	<u>\$ -</u>	<u>\$ 3,682</u>	<u>\$ 251</u>	<u>\$ 6,071</u>	<u>\$ 7,848</u>
<b>Liabilities</b>							
Accounts payable and accrued expenditures	\$ 1,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	6,570	-	-	-	-	-
Due to other funds	<u>10,886</u>	<u>3,397</u>	<u>-</u>	<u>3,682</u>	<u>251</u>	<u>6,071</u>	<u>7,848</u>
Total liabilities	12,351	9,967	-	3,682	251	6,071	7,848
<b>Fund Balance</b>							
Nonspendable	<u>1,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 13,820</u>	<u>\$ 9,967</u>	<u>\$ -</u>	<u>\$ 3,682</u>	<u>\$ 251</u>	<u>\$ 6,071</u>	<u>\$ 7,848</u>

<u>EPA Clean Water Action Plan</u>	<u>Louisiana Wildlife and Fisheries Survey Assistance Grant Program</u>	<u>DOTD Regional Highway Safety Plan</u>	<u>Regional Human Services Transportation Plan</u>	<u>DOTD Travel Demand Management Program</u>	<u>DOTD FHWA Civic Ctr &amp; Valhi Blvd Study</u>	<u>DOTD South Central Regional Bicycle/Ped Safety Plan</u>	<u>DOTD Houma - Thibodux MPO Transport Plan</u>	<u>Total Grant Fund</u>
\$ 190,190	\$ 66,177	\$ 8,389	\$ 2,403	\$ 6,407	\$ 1,249	\$ 45,046	\$ 83,912	\$ 443,453
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84</u>	<u>-</u>	<u>2,043</u>
<u>\$ 190,190</u>	<u>\$ 66,177</u>	<u>\$ 8,389</u>	<u>\$ 2,403</u>	<u>\$ 6,407</u>	<u>\$ 1,249</u>	<u>\$ 45,130</u>	<u>\$ 83,912</u>	<u>\$ 445,496</u>
\$ 183,792	\$ 16	\$ 199	\$ -	\$ -	\$ -	\$ -	\$ 61,052	\$ 246,524
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,962</u>	<u>4,962</u>	<u>16,494</u>
<u>6,398</u>	<u>66,161</u>	<u>8,190</u>	<u>2,403</u>	<u>6,407</u>	<u>1,249</u>	<u>40,168</u>	<u>17,898</u>	<u>181,009</u>
190,190	66,177	8,389	2,403	6,407	1,249	45,130	83,912	444,027
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,469</u>
<u>\$ 190,190</u>	<u>\$ 66,177</u>	<u>\$ 8,389</u>	<u>\$ 2,403</u>	<u>\$ 6,407</u>	<u>\$ 1,249</u>	<u>\$ 45,130</u>	<u>\$ 83,912</u>	<u>\$ 445,496</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GRANT PROGRAMS**

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

	<u>Economic Development Administration Grant Program</u>	<u>MPO Transit Planning Services Grant Program</u>	<u>MPO Highway Services Grant Program</u>	<u>EPA Brownfield Petroleum Assessment Part II Grant Program</u>	<u>EPA Brownfield Hazardous Site Assessment Part II Grant Program</u>	<u>Delta Regional Authority Grant Program</u>	<u>EPA River Region Waste Water Grant Program</u>
<b>Revenues</b>							
Intergovernmental	\$ 99,393	\$43,531	\$ 125,002	\$69,019	\$62,719	\$12,000	\$186,393
Charges for services	-	4,629	31,252	-	-	17,500	-
Total revenues	<u>99,393</u>	<u>48,160</u>	<u>156,254</u>	<u>69,019</u>	<u>62,719</u>	<u>29,500</u>	<u>186,393</u>
<b>Expenditures</b>							
Current:							
Economic development and assistance:							
Personal services	191,744	41,972	144,236	14,664	13,619	48,419	5,519
Supplies and materials	671	1,767	3,135	-	-	15	2
Other services and charges	20,334	7,257	29,766	54,355	51,525	3,595	184,128
Capital expenditures	1,997	4,494	-	-	-	-	-
Total expenditures	<u>214,746</u>	<u>55,490</u>	<u>177,137</u>	<u>69,019</u>	<u>65,144</u>	<u>52,029</u>	<u>189,649</u>
Excess (deficiency) of revenues over expenditures	<u>(115,353)</u>	<u>(7,330)</u>	<u>(20,883)</u>	<u>-</u>	<u>(2,425)</u>	<u>(22,529)</u>	<u>(3,256)</u>
<b>Other Financing Sources (Uses)</b>							
Operating transfers in	115,353	7,330	20,883	-	2,425	22,529	3,256
Operating transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>115,353</u>	<u>7,330</u>	<u>20,883</u>	<u>-</u>	<u>2,425</u>	<u>22,529</u>	<u>3,256</u>
<b>Net Change in Fund Balance</b>	-	-	-	-	-	-	-
<b>Fund Balance</b>							
Beginning of year	<u>1,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 1,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>EPA Clean Water Action Plan</u>	<u>Louisiana Wildlife and Fisheries Survey Assistance</u>	<u>DOTD Regional Highway Safety</u>	<u>Regional Human Services Transportation Plan</u>	<u>DOTD Travel Demand Management Program</u>	<u>DOTD FHWA Civic Ctr &amp; Valhi Blvd Study</u>	<u>DOTD South Central Regional Bicycle/Ped Safety Plan</u>	<u>DOTD Houma - Thibodux MPO Transport Plan</u>	<u>Total Grant Fund</u>
\$337,320	\$ -	\$ 114,258	\$8,710	\$31,456	\$ 7,079	\$62,499	\$ 98,755	\$ 1,258,134
-	341,121	22,253	-	-	-	6,944	17,608	441,307
<u>337,320</u>	<u>341,121</u>	<u>136,511</u>	<u>8,710</u>	<u>31,456</u>	<u>7,079</u>	<u>69,443</u>	<u>116,363</u>	<u>1,699,441</u>
3,141	196,724	87,982	8,583	29,538	-	52,585	30,624	869,350
-	1,514	940	89	81	-	7,908	5,827	21,949
336,760	15,686	39,352	1,050	2,459	8,849	2,356	71,329	828,801
-	3,332	-	-	-	-	-	-	9,823
<u>339,901</u>	<u>217,256</u>	<u>128,274</u>	<u>9,722</u>	<u>32,078</u>	<u>8,849</u>	<u>62,849</u>	<u>107,780</u>	<u>1,729,923</u>
(2,581)	123,865	8,237	(1,012)	(622)	(1,770)	6,594	8,583	(30,482)
2,581	-	-	1,012	622	1,770	-	-	177,761
-	(123,865)	(8,237)	-	-	-	(6,594)	(8,583)	(147,279)
<u>2,581</u>	<u>(123,865)</u>	<u>(8,237)</u>	<u>1,012</u>	<u>622</u>	<u>1,770</u>	<u>(6,594)</u>	<u>(8,583)</u>	<u>30,482</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,469
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,469</u>

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

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

**Agency Head Name: Kevin P. Belanger, CEO**

**Purpose**

Salary	\$ 166,023
Benefits - insurance	21,475
Benefits - retirement	23,815
Benefits - other	-
Car allowance	5,712
Phone allowance	1,320
Vehicle provided by government	-
Per diem	-
Reimbursements	4,909
Travel	5,988
Registration fees	104
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	2,687
	<u>2,687</u>
	<u>\$ 232,033</u>

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Board of Commissioners,  
South Central Planning & Development Commission, Inc.,  
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United State 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, the business-type activities and each major fund of South Central Planning & Development Commission, Inc., (the "Commission"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 30, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting, (internal control), to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompany schedule of findings and questioned costs that we consider to be a material weakness, 2019-001 and 2019-002.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance or other matters that is required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2019-001, 2019-002, and 2019-003.

## **South Central Planning & Development Commission, Inc.'s Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
December 30, 2019.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners,  
South Central Planning & Development Commission, Inc.,  
Houma, Louisiana.

**Report on Compliance for Each Major Federal Program**

We have audited South Central Planning & Development Commission, Inc.'s, (the "Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2019. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and "*Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards*" (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Commission's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the Commission complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal program is not modified with respect to these matters. The Commission's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs item 2019-002 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **South Central Planning & Development Commission, Inc.'s Response to Findings**

The Commission's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.



Certified Public Accountants.

Houma, Louisiana,  
December 30, 2019.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

Federal Grantor/Pass- Through Grantor/Program Title	Federal CFDA Number	Federal Award/ Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures To Subrecipients
<b>U.S. Department of Commerce:</b>				
Economic Development Administration:				
Support for Planning Organizations	11.302	ED16AUS3020002	\$ 38,000	
	11.302	ED16AUS3020009	35,000	
	11.302	08-79-05269	26,393	
Sudden and Severe Economic Dislocation Adjustment Revolving Loan Fund	11.307	08-59-02912.01	<u>1,778,942</u>	
Total Department of Commerce			<u>1,878,335</u>	
<b>U.S. Department of Housing and Urban Development:</b>				
Office of Community Planning and Development:				
<u>Pass-Through Payments:</u>				
<u>Louisiana Department of Economic Development:</u>				
Community Development Block Grant				
Small Business Recovery Loan and Grant Program - Phase I	14.228	07096A/645872	73,252	
Small Business Recovery Loan and Grant Program - Phase II	14.228	700587/645872	1	
Small Business Recovery Loan and Grant Program - Revolving Capital Fund	14.228		5,434,445	
Small Business Recovery Loan and Grant Program - Innovation Program	14.228		1,538,782	
Small Business Recovery Loan and Grant Program - Innovation Revolving Capital Fund	14.228		1,192,728	
Small Business Recovery Loan and Grant Program - Acadiana Revolving Capital Fund	14.228		1,804,824	
Small Business Recovery Loan and Grant Program - St. John the Baptist Grant and Loan Fund	14.228	96624601	667,411	
Small Business Recovery Loan and Grant Program - St. John the Baptist Grant and Loan Fund - Administration	14.228	96624601	19,561	
Small Business Recovery Loan and Grant Program - Restore Louisiana Small Business Program	14.228	16-DL-22-0001	25,427,771	
Small Business Recovery Loan and Grant Program - Restore Louisiana Small Business Program - Administration	14.228	16-DL-22-0001	<u>372,878</u>	
Total U.S. Department of Housing and Urban Development			<u>36,531,653</u>	

Federal Grantor/Pass- Through Grantor/Program Title	Federal CFDA Number	Federal Award/ Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures To Subrecipients
<b>U.S. Department of Transportation:</b>				
Federal Highway Administration:				
<u>Pass-Through Payments:</u>				
<u>Louisiana Department of Transportation and Development:</u>				
Highway Planning and Construction - Metropolitan Planning	20.205	H.011005	31,456	
Federal Highway Administration - Metropolitan Planning	20.205	H972275.1	125,002	
	20.205	H012859	7,079	
	20.205	H013539	62,499	
	20.205	H972322	98,755	
	20.205	H013508	114,258	
Federal Transit Administration:				
<u>Pass-Through Payments:</u>				
<u>Louisiana Department of Transportation and Development:</u>				
Federal Transit Metropolitan Planning Grants				
MPO-FTA 2018	20.505	PL80-55-18	25,017	
MPO-FTA 2019	20.505	PL80-55-19	18,513	
MPO-FTA-2018-CHSTP	20.513	LA-2016-028	2,550	
MPO-FTA-2019-CHSTP	20.509	LA-2017-013	6,161	
Total U.S. Department of Transportation			491,290	
<b>Environmental Protection Agency:</b>				
Office of the Chief Financial Officer:				
Congressionally Mandated Projects - River Region Water and Wastewater Improvement Plan	66.202	XP-96624601-0	104,307	
Consolidated Grants for the Insular Areas - Program Support	66.600	XP-97685601-2	186,945	
Office of Solid Waste and Emergency Response:				
Brownfield Revolving Loan Fund	66.818	BL-96693301	839,329	
Brownfield Revolving Loan Fund - Administration	66.818	BL-96693301	219,769	
Brownfield Hazardous Site Assessment Pt. 2	66.818	BF-00F38701-2	62,719	
Brownfield Petroleum	66.818	BF-00F38701-2	69,019	
Total Environmental Protection Agency			1,482,088	
<b>Delta Regional Authority:</b>				
Delta Local Development District Assistance Local	90.202		12,000	
<b>U.S. Department of Homeland Security:</b>				
<u>Pass-Through Payments:</u>				
<u>Louisiana Department of Homeland Security and Emergency Preparedness:</u>				
River Bayou Parish Mutual Aid and Assistance Task Force:				
Homeland Security Grant Program	97.067	SHSPFY17 EQUIP	251,093	251,093
Totals			\$ 40,646,459	\$ 251,093

The amount inadvertently omitted from 2018 Schedule of Expenditures for the Highway Planning & Construction 20.205 LDOT Strategic Highway Safety H013508 totaled \$95,186.

See notes to schedule of expenditures of federal awards.

# **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

## **South Central Planning & Development Commission, Inc.**

June 30, 2019

### **Note 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the Commission under programs of the federal government for the year ended June 30, 2019. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. "Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" (Uniform Guidance). Because the SEFA presents only a selected portion of the operation of the Commission it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission.

### **Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Commission has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

### **Note 3 - VALUE OF LOANS OUTSTANDING**

Loans outstanding as of June 30, 2019 for the Sudden and Severe Economic Dislocation Adjustment Revolving Loan Program, Federal CFDA number 11.307, was \$1,778,942, the Small Business Recovery Loan and Grant Programs, Federal CFDA number 14.228, \$36,531,653, and the Environmental Protection Agency Brownfield Revolving Loan Program, Federal CFDA number 66.818, \$1,190,836. In addition, an allowance for uncollectible loans amounting to \$2,309,588 has been recorded in the financial statements as of June 30, 2019.

### **Note 4 - FINDINGS OF NONCOMPLIANCE**

See Schedule of Findings and Questioned Costs.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

**Section I - Summary of Auditor's Results**

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  X  Yes  \_\_\_  No
- Significant deficiency(ies) identified that are not considered to be a material weakness?  \_\_\_  Yes  X  None reported

Noncompliance material to financial statements noted?  X  Yes  \_\_\_  No

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  X  Yes  \_\_\_  No
- Significant deficiency(ies) identified that are not considered to be a material weakness?  \_\_\_  Yes  X  None reported

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with the *Uniform Guidance*?  X  Yes  \_\_\_  No

c) Identification of Major Program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grant Small Business Recovery Loan and Grant Program - Revolving Capital Fund

**Section I - Summary of Auditor's Results (Continued)**

Dollar threshold used to distinguish  
between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee?      Yes   X   No

**Section II - Financial Statement Findings**

**Internal Control Over Financial Reporting**

**2019-001 Department of Housing and Urban Development**

**Small Business Recovery Loan And Grant Program - Revolving Capital Fund, Small Business Recovery Loan And Grant Program - Innovation Program, Small Business Recovery Loan And Grant Program - Acadiana Revolving Capital Fund; CFDA No. 14.228; Grant Period: Year Ended June 30, 2017.**

**U.S. Department of Commerce**

**Sudden and Severe Economic Dislocation - Adjustment Revolving Loan Fund; CFDA No. 11.307; Grant No. 08-59-02912.01; Grant Period: Year Ended June 30, 2017.**

**Criteria** - The Commission is required to follow the Governmental Accounting Standards Board (GASB) in matters of accounting and reporting. GASB pronouncements require that assets of the Commission be reported at net realizable value.

**Condition** - The Commission failed to recognize recoveries of doubtful accounts amounting to \$1,826,707 in its internal financial statements prior to audit adjustment.

**Cause** - Failure of the Commission's management to recognize recoveries of doubtful accounts of federal program loans.

**Effect** - The Commission's failure to recognize recoveries of doubtful accounts of federal program loans caused interim financial statements to understate revenues and loan receivables.

**Recommendation** - We recommend that the Commission recognize recoveries of doubtful accounts of loans in its federal loan programs and adjust its interim financial statements accordingly.

## Section II - Financial Statement Findings (Continued)

### Internal Control Over Financial Reporting (Continued)

#### 2019-002 Procurement and Contract Requirements

**Criteria** - During a review by the Compliance and Monitoring Department of the Office of Community Development ("C&M"), C&M identified multiple areas within the procurement process for the professional audit services provided by Bourgeois Bennett, L.L.C. that did not consistently follow applicable federal law and OCD policy as established in the Administrative Manual. The Commission explained that the relationship with Bourgeois Bennett, L.L.C. has been in existence since at least 1986 and has continued based on the high level of audit services provided. It was further explained that the method of procurement used was in compliance with state requirements at that time which did not require quotes or bids for professional services.

**Condition** - C&M noted that the Commission has requested payment totaling \$20,800 for the audit services provided by Bourgeois Bennett, L.L.C. for its Restore Louisiana Small Business Recovery Program project. Specifically, the following issues were noted during the review:

- a. Insufficient Documentation - There was insufficient evidence in the files to conclude that the Commission conducted a formal procurement process following federal guidelines before utilizing the professional audit services provided by Bourgeois Bennett, L.L.C. In addition, C&M was unable to corroborate that this procurement was conducted using "open and free competition."

**Cause** - According to 2 CFR 200.320 and Section 6, Part 7.0, of the Administrative Manual, SCP must conduct a formal procurement using one of the recommended methods before obtaining any professional services. This formal procurement process must be conducted using "open and free competition" as is required by 2 CFR 200.319.

- b. Cost Analysis - The procurement and contract files for Bourgeois Bennett, L.L.C. did not include evidence that a cost analysis was performed. As stated in 24 CFR 85.36(f)(1), grantees must perform a cost analysis in connection with every procurement action, including contract modifications.
- c. CDBG Compliance Provisions - The procurement and contract files reviewed for Bourgeois Bennett, L.L.C. did not include the required CDBG Compliance Provisions within the contract. As stated in 2 CFR 200.326, and Section 6, Part 16, of the Administrative Manual, a grantee's contracts must include applicable provisions.

## Section II - Financial Statement Findings (Continued)

### Internal Control Over Financial Reporting (Continued)

#### 2019-002 Procurement and Contract Requirements (Continued)

**Effect** - Due to the lack of sufficient documentation to evidence formal procurement actions, C&M has determined that the funds paid to Bourgeois Bennett, L.L.C. for audit services are ineligible for CDBG reimbursement. SCP must remit \$20,800 for audit services to OCD.

**Recommendation** - We recommend that the Commission obtain competitive bids for audit in accordance with 2 CFR 200.320 and Section 6, Part 7.0, of the Administrative Manual.

**Views of Responsible Officials** - The Commission will obtain competitive bids for the audit of the Federal Programs.

### Compliance and Other Matters

See 2019-001 and 2019-002 above.

#### 2019-003 Budget Variance

**Criteria** - In accordance with R.S. 39:1311, the governing authority must adopt a budget amendment if there is a 5% or greater variance in the actual fund balance at the beginning of the year.

**Condition** - The Commission did not adopt a budget amendment for the 5% overage in expenditures for the fiscal year ended June 30, 2019.

**Cause** - The Commission failed to amend its adopted budget.

**Effect** - The Commission has not complied with state budget laws.

**Recommendation** - We recommend that the Commission adopt budget amendments for 5% overage in expenditures.

**Views of Responsible Officials** - The Commission will adopt a budget amendment each year going forward when there is a 5% or greater shortage in revenue or a 5% or greater overage in expenditures or if there is a 5% or greater variance in the actual fund balance at the beginning of the year.

**Section III - Federal Award Findings and Questioned Costs**

**Internal Control**

See 2019-002 above.

**Compliance**

See 2019-002 above.

**REPORTS BY MANAGEMENT**

# **SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

## **South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

#### **Internal Control Over Financial Reporting**

##### **2018-001 Department of Housing and Urban Development**

**Recommendation** - We recommend that the Commission periodically evaluate the collectability of loans in its federal loan programs and adjust its interim financial statements accordingly.

**Management's Response** - Resolved. Management will periodically evaluate the collectability of loans in its federal loan programs and adjust its interim financial statements.

#### **Compliance and Other Matters**

See 2018-001 above.

### **Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to Federal Awards**

#### **Internal Control Over Financial Reporting and Compliance and Other Matters**

See 2018-001 above.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2018.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

#### **Internal Control Over Financial Reporting**

##### **2019-001 Department of Housing and Urban Development**

**Recommendation** - We recommend that the Commission recognize recoveries of doubtful accounts of loans in its federal loan programs and adjust its interim financial statements accordingly.

**Management's Response** - Management will recognize recoveries of doubtful accounts of loans in its federal loan programs and adjust its interim financial statements.

##### **2019-002 Procurement and Contract Requirements**

**Recommendation** - We recommend that the Commission obtain competitive bids for audit in accordance with 2 CFR 200.320 and Section 6, Part 7.0, of the Administrative Manual.

**Management's Response** - Management will obtain bids for the audit of the Federal Programs.

#### **Compliance and Other Matters**

See 2019-001 and 2019-002.

##### **2019-003 Budget Variance**

**Recommendation** - We recommend that the Commission adopt budget amendments for 5% overage in expenditures.

**Management's Response** - The Commission will adopt a budget amendment each year going forward when there is a 5% or greater shortage in revenue or a 5% or greater overage in expenditures or if there is a 5% or greater variance in the actual fund balance at the beginning of the year.

**Section II - Internal Control and Compliance Material to Federal Awards**

**Internal Control and Compliance**

See 2019-002 above.

**Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2019

**STATEWIDE AGREED-UPON PROCEDURES**

**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners,  
South Central Planning & Development Commission, Inc.,  
Houma, Louisiana.

We have performed the procedures described in Schedule 7, which were agreed to by the South Central Planning & Development Commission, Inc. (the "Commission") and the Louisiana Legislative Auditor (LLA), solely to assist the specified users of the report in evaluating management's assertions about the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) accompanying the annual financial statements of the Commission for the year ended June 30, 2019 and to determine whether the C/C areas identified in the LLA's SAUPs are free of obvious errors and omissions. Management of the Commission is responsible for its C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified parties in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Schedule 7, either for the purpose for which this report has been requested, or for any other purpose.

The procedures that were performed and our findings are described in Schedule 7.

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, issued by the Comptroller General of the United States of America. We are not engaged to, and did not perform an examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. 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.

This report is intended solely for the information and use of the Commission, the Louisiana Legislature, and the Louisiana Legislative Auditor, and it not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

Houma, Louisiana,  
December 30, 2019.

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

**South Central Planning & Development Commission, Inc.**

For the year ended June 30, 2019

The required procedures and our findings are as follows:

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

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

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

Performance: Obtained and read the written policy for budgeting, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for purchasing, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

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

Performance: Obtained and read the written policy for receipts, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for payroll and personnel, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for contracting.

Exceptions: Management's policy on contracting does not include a provision for legal review of the contracts.

- 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).

Performance: Obtained and read the written policy for credit cards.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for travel and expense reimbursement.

Exceptions: There were no exceptions noted.

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

- 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.

Performance: Inquired of management about the existence of a policy for ethics.

Exceptions: The Commission does not have an ethics policy.

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

Performance: Inquired of management about the existence of a policy for debt service.

Exceptions: The Commission does not have a debt service policy.

- k) Disaster Recovery/Business Continuity, including (1) identification of critical date and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after critical event.

Performance: Inquired of management about the existence of a policy for disaster recovery/business continuity.

Exceptions: The Commission does not have a disaster recovery/business continuity policy.

**Procedures performed on the Commission's board:**

- 2. Obtain and review the board 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 met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Prior years testing resulted in no exceptions related to the board. Therefore, testing was not required in the current year.

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

- b) 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.

Performance: Prior years testing resulted in no exceptions related to the board. Therefore, testing was not required in the current year.

- c) 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.

Performance: Prior years testing resulted in no exceptions related to the board. Therefore, testing was not required in the current year.

**Procedures performed on the Commission's bank reconciliations:**

3. Obtain a listing of the Commission's bank accounts from management and management's representation that the listing is complete. Management will identify the main operating account. Select the Commission's main operating account and select four additional accounts (or all accounts if less than five). Select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter. Selected month of June from the fiscal period, and obtained the corresponding bank statement and reconciliation for the Commission's main operating account and four additional accounts.

Exceptions: There were no exceptions noted.

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

Performance: Observed that bank reconciliations were prepared within two months of the related statement closing date.

Exceptions: There were no exceptions noted.

- b) Bank reconciliations include evidence that a member of management or a 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

Performance: Observed that a member of management reviewed each bank reconciliation.

Exceptions: There were no exceptions noted.

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

- 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.

Performance: Inspected documents for items outstanding for more than 12 months from the statement closing date. There were no reconciling items for more than 12 months from the statement closing date for any of the five bank reconciliations tested.

Exceptions: There were no exceptions noted.

**Procedures performed on the Commission's collections:**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Select five deposit sites (or all deposit sites if less than five).

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select one collection location for each deposit site (i.e., collection locations for five 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:

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

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

- 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.

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

- 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.

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

7. Select two deposit dates for each of the five bank accounts selected for procedure #3 under "Procedures performed on the Commission's bank reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the ten deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

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

- 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 ten miles from the collection location or the deposit is less than \$100).

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to collections. Therefore, testing was not required in the current year.

**Procedures performed on the Commission's 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. Select five locations (or all locations if less than five).

Performance: Prior years testing resulted in no exceptions related to non-payroll disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases). Therefore, testing was not required in the current year.

- 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 Commission has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Prior years testing resulted in no exceptions related to non-payroll disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases). Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to non-payroll disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases). Therefore, testing was not required in the current year.

**Procedures performed on the Commission's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)**

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

Performance: Prior years testing resulted in no exceptions related to non-payroll disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases). Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to non-payroll disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases). Therefore, testing was not required in the current year.

- 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.

Performance: Prior years testing resulted in no exceptions related to non-payroll disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases). Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to non-payroll disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases). Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to non-payroll disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases). Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to non-payroll disbursements (excluding card purchases/payments, travel reimbursements and petty cash purchases). Therefore, testing was not required in the current year.

**Procedures performed on the Commission's 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.

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

Exceptions: There were no exceptions noted.

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

- 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.

Performance: Obtained the monthly statements for five cards and observed that the supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were no exceptions noted.

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

Performance: Obtained the monthly statements for five cards and observed that there were no finance charges and/or late fees assessed.

Exceptions: There were no exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have ten transactions subject to testing).

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

- 1) An original itemized receipt that identifies precisely what was purchased.

Performance: Traced each transaction to an original itemized receipt.

Exceptions: There were no exceptions noted.

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

- 2) Written documentation of the business/public purpose.  
Performance: Observed documentation of the purpose of each transaction.  
Exceptions: There were no exceptions noted.
- 3) Documentation of the individuals participating in meals (for meal charges only).  
Performance: Observed documentation of the purpose of each transaction.  
Exceptions: There were no exceptions noted.

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

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

Performance: Obtained the listing of all travel and related expense reimbursements during the fiscal period and received management's representation that the general ledger is complete in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Selected five reimbursements and obtained the supporting documentation. Observed that the reimbursements were reimbursed using actual costs, not using a per diem.

Exceptions: There were no exceptions noted.

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

Performance: Selected five reimbursements and obtained the supporting documentation. Observed that the reimbursements were supported by an original itemized receipt that identified precisely what was purchased.

Exceptions: There were no exceptions noted.

**Procedures performed on the Commission's travel and travel-related expense reimbursements:  
(Continued)**

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

Performance: Selected five reimbursements and obtained the supporting documentation. Observed that the reimbursements were supported by documentation of the business/public purpose (for meal charges, observed that the documentation included the names of those individuals participating) and other documentation required by written policy.

Exceptions: There were no exceptions noted.

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

Performance: Selected five reimbursements and obtained the supporting documentation. Observed that the reimbursements were reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Exceptions: There were no exceptions noted.

**Procedures performed on the Commission's contracts:**

- 15. Obtain 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. Obtain management's representation that the listing is complete. Select five contracts (or all contracts if less than five) from the listing, and:

Performance: Prior years testing resulted in no exceptions related to contracts. Therefore, testing was not required in the current year.

- 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.

Performance: Prior years testing resulted in no exceptions related to contracts. Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to contracts. Therefore, testing was not required in the current year.

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

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

Performance: Prior years testing resulted in no exceptions related to contracts. Therefore, testing was not required in the current year.

- d) Select one payment from the fiscal period for each of the five 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.

Performance: Prior years testing resulted in no exceptions related to contracts. Therefore, testing was not required in the current year.

**Procedures performed on the Commission's payroll and personnel:**

- 16. Obtain a listing of employees (and elected officials, if applicable) during the fiscal period and management's representation that the listing is complete. Select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Prior years testing resulted in no exceptions related to payroll and personnel. Therefore, testing was not required in the current year.

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

- 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.)

Performance: Prior years testing resulted in no exceptions related to payroll and personnel. Therefore, testing was not required in the current year.

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

Performance: Prior years testing resulted in no exceptions related to payroll and personnel. Therefore, testing was not required in the current year.

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

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

Performance: Prior years testing resulted in no exceptions related to payroll and personnel. Therefore, testing was not required in the current year.

- 18. Obtain from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. 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' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Performance: Prior years testing resulted in no exceptions related to payroll and personnel. Therefore, testing was not required in the current year.

- 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.

Performance: Prior years testing resulted in no exceptions related to payroll and personnel. Therefore, testing was not required in the current year.

**Procedure performed on the Commission's ethics:**

- 20. Using the five selected employees/officials from procedure #16 under "Procedures performed on the Commission's payroll and personnel" above, obtain ethics compliance documentation from management and:

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

Performance: Observed the ethics course completion certificates for the five employees tested.

Exceptions: There were no exceptions noted.

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

Performance: Inquired of management about documentation of each employee/official's signature verification that he or she has read the ethics policy.

Exceptions: The Commission does not have an ethics policy as stated in 1i above.

**Procedures performed on the Commission's 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 the State Bond Commission approval was obtained for each bond/note issued.

Performance: Prior years testing resulted in no exceptions related to debt service. Therefore, testing was not required in the current year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. 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.

Performance: Prior years testing resulted in no exceptions related to debt service. Therefore, testing was not required in the current year.

**Other procedures performed on the Commission:**

23. Obtain a listing of misappropriations of public funds or 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 Commission reported the misappropriation(s) to the legislative auditor and the Commission attorney of the parish in which the Commission is domiciled.

Performance: Prior years testing resulted in no exceptions related to debt service. Therefore, testing was not required in the current year.

24. 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](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Prior years testing resulted in no exceptions related to debt service. Therefore, testing was not required in the current year.

**Management's Overall Response to Exceptions:**

1. As a response to exception reported at 1f), management is working on drafting a provision for legal review of the contracts to be approved by the Commission before the end of fiscal year 2020.
2. As a response to exception reported at 1i), management is working on drafting an Ethics policy to be approved by the Commission before the end of fiscal year 2020.
3. As a response to exception reported at 1j), management is working on drafting a Debt Service policy to be approved by the Commission before the end of fiscal year 2020.
4. As a response to exception reported at 1k), management is working on drafting a Disaster Recovery/Business Continuity policy to be approved by the Commission before the end of fiscal year 2020.
5. As a response to exception reported at 20b), management is working on drafting an Ethics policy to have employees/officials attest through signature verification that he or she has read the Commission's ethics policy during the fiscal period before the end of fiscal year 2020.