
**Industrial Development Board of the
City of Gonzales, Louisiana, Inc.**

Financial Report

May 31, 2018

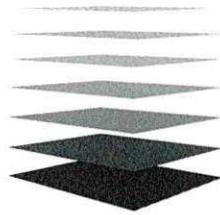
INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.

FINANCIAL REPORT

MAY 31, 2018

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DIEZ, DUPUY & RUIZ, LLC

INDEPENDENT AUDITORS' REPORT

To the Members of the Industrial Development Board
Of the City of Gonzales, Louisiana, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Industrial Development Board of the City of Gonzales, Louisiana Inc. (the Board) as of and for the year ended May 31, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Industrial Development Board of the City of Gonzales, Louisiana, Inc., as of May 31, 2018, and the respective changes in financial position, and where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Industrial Development Board of the City of Gonzales' basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2018 on our consideration of the Industrial Development Board of the City of Gonzales, Louisiana, 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 the Industrial Development Board of the City of Gonzales, Louisiana, Inc.'s internal control over financial reporting and compliance.



Gonzales, Louisiana
October 26, 2018

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2018**

This section of Industrial Development Board of the City of Gonzales, Louisiana, Inc. (the Board)'s annual financial report presents our discussion and analysis of the Board's financial performance during the fiscal year that ended on May 31, 2018.

FINANCIAL HIGHLIGHTS

- The Board's total net position decreased by approximately \$3.3 million to a deficit of approximately \$27 million.
- During the year, the Board's governmental activities expenses were \$3,302,809 more than the \$1,894,472 generated in sales taxes and other revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Board's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Board government, reporting the Board's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government operated for the year.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Board's financial statements, including the portion of the Board's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2018**

Figure A-1
Major Features of Board's Government-Wide and Fund Financial Statements

	Fund Statements	
	Government-wide Statements	Governmental Fund
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund deficit
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payments are due during the year or soon thereafter

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2018**

Government-wide Statements

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

These two government-wide statements report the Board's net position how they have changed. Net position – the difference between the Board's assets and liabilities – is one way to measure the Board's financial health, or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Board you need to consider additional nonfinancial factors such as economic factors affecting sales tax collections.

The government-wide financial statements of the Board consist of the following:

- Governmental activities – most of the Board's basic services are included here, such as construction of the infrastructure and building within the geographic location of the Economic Development District. Sales taxes and interest finance are most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's most significant funds – not the Board as a whole. Funds are accounting devices that the Board uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

The Board has one fund classified as a debt service fund:

- Governmental fund – The Board's basic services are included in governmental funds, which focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2018**

FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE

Net position. The Board's net position decreased between fiscal years 2017 and 2018 from a deficit of approximately \$24 million to a deficit of approximately \$27 million. (See Table A-1)

**Table A-1
Board's Net Position**

	Governmental Activities	
	2018	2017
Current and other assets	\$ 960,871	\$ 1,695,821
Capital assets, net	41,274,672	42,875,469
Total assets	42,235,543	44,571,290
Current liabilities	19,857,573	18,890,511
Long term liabilities	49,614,679	49,614,679
Total liabilities	69,472,252	68,505,190
Net position		
Net investment in capital asset	(8,340,007)	(6,739,210)
Unrestricted (deficit)	(18,896,702)	(17,194,690)
Total net position	\$ (27,236,709)	\$ (23,933,900)

Net position of the Board's governmental activities decreased to approximately negative \$27 million.

Changes in net position. The Board's total revenues decreased by approximately \$253,367 to \$1,894,472 (See Table A-2). For 2018, approximately 80 percent of the Board's revenue comes from sales tax collection, 18 percent comes from payments in lieu of taxes, and 2 percent comes from other revenues.

Governmental Activities

Revenues for the Board's governmental activities consisted primarily of sales taxes and expenses for the Board's governmental activities consist primarily of interest, depreciation, and payments in lieu of taxes.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2018**

**Table A-2
Changes in Board's Net Position**

	Governmental Activities	
	2018	2017
Revenues		
General Revenues		
Sales taxes	\$ 1,540,927	\$ 1,746,383
Payments in lieu of taxes	346,014	381,409
Other revenue	4,500	19,407
Interest	3,031	640
Total revenues	1,894,472	2,147,839
Expenses		
Depreciation	1,600,797	1,600,797
Interest	3,224,954	3,224,954
Payments in lieu of taxes	346,014	381,409
Other fees	25,516	19,407
Total expenses	5,197,281	5,226,567
Change in net position	\$ (3,302,809)	\$ (3,078,728)

- The change in net position for the governmental activities this fiscal year decreased approximately \$224,000.

FINANCIAL ANALYSIS OF THE BOARD'S FUNDS

As the Board completed the year, its governmental fund reported a fund deficit of \$18,081,633, an increase in the deficit of approximately 12 percent from last fiscal year.

Debt Service Fund Budgetary Highlights

- Debt Service Funds are not required to adopt budgets under Louisiana Law.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
MAY 31, 2018**

CAPITAL ASSETS

At the end of 2018, the Board had invested approximately \$41 million in capital assets (See Table A-3). There were no additions in the current year. The decrease of \$1.6 million represents depreciation expense on existing capital assets.

**Table A-3
Board's Capital Assets, net**

	Governmental Activities	
	2018	2017
Land	\$ 6,800,014	\$ 6,800,014
Buildings	28,571,633	29,538,056
Infrastructure	5,564,126	5,857,969
Furniture & equipment	338,899	679,430
Total	\$ 41,274,672	\$ 42,875,469

ECONOMIC FACTORS

The Board is dependent on sales tax collections for its revenues. The economy is not expected to generate any significant growth; therefore, sales tax revenues are expected to remain stable for 2019.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Scot Byrd, 120 South Irma Boulevard, Gonzales, LA 70737.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
STATEMENT OF NET POSITION
MAY 31, 2018

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash	\$ 815,069
Sale tax receivables	145,802
Nondepreciable capital assets	6,800,014
Capital assets, net	<u>34,474,658</u>
TOTAL ASSETS	<u>42,235,543</u>
<u>LIABILITIES</u>	
Interest payable	19,857,573
Long-term liabilities:	
Bonds payable	<u>49,614,679</u>
TOTAL LIABILITIES	<u>69,472,252</u>
<u>NET POSITION</u>	
Net investment in capital assets	(8,340,007)
Unrestricted (deficit)	<u>(18,896,702)</u>
TOTAL NET POSITION	<u>\$ (27,236,709)</u>

The accompanying notes are an integral part of this financial statement.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2018

	Expenses	Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
<u>ACTIVITIES</u>			
Governmental:			
Depreciation	\$ 1,600,797	\$ -	\$ (1,600,797)
Interest	3,224,954	-	(3,224,954)
Payments in lieu of taxes	346,014	-	(346,014)
Professional fees	21,016	-	(21,016)
Bank fees	4,500	-	(4,500)
Total governmental activities	\$ 5,197,281	\$ -	(5,197,281)
General Revenues:			
Sales taxes			1,540,927
Payments in lieu of taxes			346,014
Other revenue			4,500
Interest			3,031
Total general revenues			1,894,472
Change in net position			(3,302,809)
Net position - June 1, 2017			(23,933,900)
Net position - May 31, 2018			\$ (27,236,709)

The accompanying notes are an integral part of this financial statement.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
BALANCE SHEET
GOVERNMENTAL FUND
MAY 31, 2018

	<u>Debt Service Fund</u>
<u>ASSETS</u>	
Cash	\$ 815,069
Sales tax receivable	<u>145,802</u>
Total assets	<u><u>\$ 960,871</u></u>
<u>LIABILITIES</u>	
Interest payable	<u>\$ 19,042,504</u>
Total liabilities	<u>19,042,504</u>
<u>FUND DEFICIT</u>	
Unassigned	<u>(18,081,633)</u>
Total liabilities and fund deficit	<u><u>\$ 960,871</u></u>

The accompanying notes are an integral part of this financial statement.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENTS OF NET POSITION
MAY 31, 2018

Total fund deficit - Governmental Fund	\$	(18,081,633)
Cost of capital assets at May 31, 2018		60,449,360
Less: accumulated depreciation as of May 31, 2018		<u>(19,174,688)</u>
		41,274,672
Long-term liabilities applicable to the Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Long-term Debt		(49,614,679)
Interest Payable		<u>(815,069)</u>
Total net position at May 31, 2018 - Governmental Activities	\$	<u><u>(27,236,709)</u></u>

The accompanying notes are an integral part of this financial statement.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND DEFICIT - GOVERNMENTAL FUND
YEAR ENDED MAY 31, 2018

	Debt Service Fund
REVENUES	
Sales taxes	\$ 1,540,927
Payments in lieu of taxes	346,014
Other revenue	4,500
Interest income	3,031
Total revenues	1,894,472
 <u>EXPENDITURES</u>	
Current:	
Payments in lieu of taxes	346,014
Professional fees	21,016
Bank fees	4,500
Debt service:	
Interest expense	3,505,175
Total expenditures	3,876,705
Excess expenditures over revenues	(1,982,233)
Fund Deficit, Beginning of Year	(16,099,400)
Fund Deficit, End of Year	\$ (18,081,633)

The accompanying notes are an integral part of this financial statement.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND DEFICIT OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
MAY 31, 2018

Net change in fund deficit - Governmental fund	\$	(1,982,233)
The change in net position reported for governmental activities in the statement of activities is different because:		
Capital assets:		
Depreciation expense for the year ended May 31, 2018		(1,600,797)
Long term debt:		
Difference in the modified accrual basis of accounting and the accrual basis of accounting in recognition of interest expense		280,221
Changes in net position of governmental activities	\$	(3,302,809)

The accompanying notes are an integral part of this financial statement.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The Industrial Development Board of the City of Gonzales, Louisiana, Inc. was created, authorized, and empowered under the laws of the State of Louisiana, including particularly Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 33:9038.1 to 33:9038.10, inclusive) (the "Tax Incremental Development Act"). The purpose is to provide for the financing of the acquisition, construction and equipping of a Cabela's retail outlet and certain infrastructure located in the District (the "Project").

The Industrial Development Board of the City of Gonzales, Louisiana, Inc. has entered into a Cooperative Endeavor Agreement with the City of Gonzales, the Gonzales Economic District No. 1, Carlisle Resort, LLC, Cabela's Retail LA, LLC, and the State of Louisiana to provide aspects of the development of the project and the pledge of incremental increases in sales and use taxes receipts to finance the bonds for the development of the project.

The accounting and reporting practices of the Industrial Development Board of the City of Gonzales, Louisiana, Inc., conform to accounting principles generally accepted in the United States of America as applicable to governmental units on a consistent basis between periods.

Financial Reporting Entity - This report includes all funds, which are controlled by, or dependent on the Board. Control by or dependence on the Board was determined on the basis of the taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. Industrial Development Board of the City of Gonzales' board members are appointed by the City of Gonzales, but the City's accountability for the Board does not extend beyond making the appointment.

The following is a summary of certain significant accounting policies:

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the Industrial Development of the City of Gonzales, Louisiana, Inc. These statements include the financial activities of the overall government, except for fiduciary activities. These statements of the overall government. Governmental activities generally are financed through sales taxes.

The statement of activities presents the direct expenses and program revenues for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Fund Financial Statements: The fund financial statements provide information about the Board's governmental funds. The emphasis of fund financial statements is on major governmental fund.

The Board reports the following major governmental funds:

- a. Debt Service Fund – The Debt Service Fund is used to account for the collection of taxes and payment of bonds.

Measurement Focus, Basis of Accounting -

Government-wide. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Sales taxes are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under operating leases are reported as other financing sources and uses.

Related Organizations – The City Council is responsible for appointing the members of the board of the Industrial Development Board of the City of Gonzales, but the City's accountability for this organization does not extend beyond making the appointments.

Cash and Cash Equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts whose use is limited by board designation or those amounts with third-party payers.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

<u>Asset Class</u>	<u>Estimates Useful Lives</u>
Infrastructure	25-40
Buildings	30-40
Equipment	8-15

Government-Wide and Proprietary Fund Net Position – Government-wide and proprietary fund net assets 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.

Restricted net position – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling litigation.

Unrestricted net position – Consist of all other net assets 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 government’s policy to used restricted resources first, then unrestricted resources as they are needed.

Fund Equity of Fund Financial Statements – Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

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

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

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board.

Assigned – represents balances that are constrained by the government’s intent to be used for specific purposes, but are not restricted or committed.

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

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

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

2. Capital Assets

Capital Assets and depreciation activity as of and for the year ended May 31, 2018, are as follows:

Governmental activities:

	<u>Land</u>	<u>Building</u>	<u>Infrastructure</u>	<u>Furniture & Equipment</u>	<u>Total</u>
Costs of Capital Assets					
May 31, 2017	\$ 6,800,014	\$ 38,580,021	\$ 8,621,418	\$ 6,447,907	\$60,449,360
Additions	-	-	-	-	-
Costs of Capital Assets					
May 31, 2018	<u>6,800,014</u>	<u>38,580,021</u>	<u>8,621,418</u>	<u>6,447,907</u>	<u>60,449,360</u>
Accumulated depreciation					
May 31, 2017	-	9,041,965	2,763,449	5,768,477	17,573,891
Additions	-	966,423	293,843	340,531	1,600,797
Accumulated depreciation					
May 31, 2018	<u>-</u>	<u>10,008,388</u>	<u>3,057,292</u>	<u>6,109,008</u>	<u>19,174,688</u>
Capital assets, net of accumulated depreciation at					
May 31, 2018	<u>\$ 6,800,014</u>	<u>\$ 28,571,633</u>	<u>\$ 5,564,126</u>	<u>\$ 338,899</u>	<u>\$41,274,672</u>

For the year ended May 31, 2018, depreciation expense was \$1,600,797.

3. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. Cash balance consists of a Hancock Horizon Government Money Market account.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

4. Cash and Investments

Statutes authorize the Board to invest in United States bonds, treasury notes or certificates, time certificates of deposit of Louisiana state banks and national banks having the principal office in the State of Louisiana, or any other federally insured investment.

As of May 31, 2018, the Board had the following investments and maturities.

INVESTMENT MATURITIES (IN YEARS)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>
Hancock Horizon Government Money Market	\$ 815,069	\$ 815,069

Interest Rate Risk

The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in securities issued, or backed by the United States Treasury obligations, U.S. Government instrumentalities, which are federally sponsored. The Board does not have an investment policy that would further limit its investment choices. As of May 31, 2018, the Board's investment in Hancock Horizon Governmental Money Market was rated AAA by Standard & Poor's.

5. Changes in Long-Term Debt

The following is a summary of long term debt transactions of the City of Gonzales Industrial Development Board for the year ended May 31, 2018:

Governmental Activities:

Bonds Payable

Bonds payable May 31, 2017	\$ 49,614,679
Debt Issued	-
Principal Retirement	-
Bonds payable May 31, 2018	<u>\$ 49,614,679</u>

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

5. Changes in Long-Term Debt (continued)

Debts payable at May 31, 2018, are comprised of the following individual issues:

\$42,350,000 Tax Incremental Taxable Revenue Bond, Series 2007A dated November 10, 2008, with a maturity date December 1, 2037; interest at 6.50%, secured by sales taxes.	\$ 42,150,084
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\$14,500,000 Tax Incremental Taxable Revenue Bond, Series 2007B dated June 1, 2008, with a maturity date December 1, 2037; interest 6.50%, secured by sales taxes.	<u>7,464,595</u> <u>\$ 49,614,679</u>
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6. Current Portion of Long-Term Debt

The bond indenture requires sales tax revenue to be applied to accrued interest before any principal payments on the bonds without an amortization schedule. Historically, sales tax revenue has not been enough to pay the interest on the bonds; therefore, there is no current portion of long-term debt in the current year. Likewise, no future payment of debt service is presented because of this uncertainty.

7. Events of Default and Remedies

The Board has not received enough sales tax revenue to pay the principal and interest on the Bonds when they become due and payable. This is an Event of Default under Section 8.2 of the Trust Indenture. However, this section also states that if the Tax Collector timely advances the Monthly Pledged Local Increment and the Louisiana Department of Revenue timely advances the Monthly Pledged State Increment to the Trustee in accordance with the Cooperative Endeavor Agreement and the Trust Indenture, and the Monthly Pledged Local Increment and Monthly Pledged State Increment so transferred are not sufficient for the payment due and payable, then an Event of Default shall not be deemed to have occurred.

Upon the occurrence of an Event of Default, the Trustee upon the written request of the owners of less than a majority of the aggregate principal amount of Bonds outstanding shall, by notice in writing to the Issuer, declare the Bonds then outstanding immediately due and payable. As of October 26, 2018, the Board has not received a written request that the Bonds are immediately due and payable.

8. Deficit Fund Balance

The Board's only source of revenue is the sales tax collected within the District and the only expenses are paying the principal and interest of the bonds. The Board remains uncertain as to whether the District will be able to generate enough sales tax to re-pay interest due on bonds.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

NOTES TO FINANCIAL STATEMENTS

9. Sales and Use Tax

The Board receives 1.5 cents of the City of Gonzales, Louisiana's 2 cent sales tax collected within the geographic area designated as the Gonzales Economic District Number 1.

The State of Louisiana contributes 1.5 cents sales tax from its portion generated within the District up to a maximum of \$10,500,000. As of May 31, 2018, the State of Louisiana's total sales tax contributed totaled \$6,823,905.

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 26, 2018, and has determined that no events occurred that require disclosure.

INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.
SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
MAY 31, 2018

Agency Head Name/Title: Barney Arceneaux, Mayor

Purpose	Amount
Salary	\$ -
Benefits – health insurance	-
Benefits – retirement	-
Clothing allowance	-
Per diems	-
Travel	-
Conference travel	-
	<hr/>
	\$ -



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

To the Members of the Industrial Development Board
Of the City of Gonzales, Louisiana, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund information of the Industrial Development Board of the City of Gonzales, Louisiana, Inc. as of and for the year ended May 31, 2018, and the related notes to the financial statements, which collectively comprise the Industrial Development Board of the City of Gonzales, Louisiana, Inc.'s basic financial statements, and have issued our report thereon dated October 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Industrial Development Board of the City of Gonzales, Louisiana Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Industrial Development Board of the City of Gonzales, Louisiana Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Industrial Development Board of the City of Gonzales, Louisiana Inc.'s internal control.

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

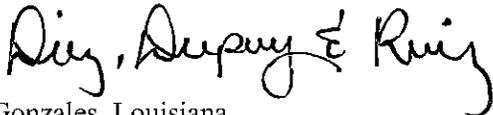
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Industrial Development Board of the City of Gonzales, Louisiana Inc.'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Gonzales, Louisiana
October 26, 2018

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MAY 31, 2018**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Industrial Development Board of the City of Gonzales, Louisiana, Inc.
2. There were no significant deficiencies reported during the audit of the financial statements.
3. There were no instances of noncompliance reported during the audit of the financial statements.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS – COMPLIANCE

None

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF GONZALES, LOUISIANA, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MAY 31, 2018**

A. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

B. FINDINGS – COMPLIANCE

None

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF GONZALES

GONZALES, LOUISIANA

STATEWIDE AGREED UPON PROCEDURES

MAY 31, 2018



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

To the Members of the Industrial Development Board, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Industrial Development Board of the City of Gonzales, Louisiana, Inc. (the Board) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period June 1, 2017 through May 31, 2018. The City's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Not applicable. The entity has a debt service fund only; therefore, is not required to adopt a budget.

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.

Not applicable. The entity does not make purchasing transactions.

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

Written policies and procedures were obtained and address the functions noted above.

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

Not applicable. The entity does not collect cash, checks, or money orders directly. Collections are collected by a third party.

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

Not applicable. The entity does not have employees.

- 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

Not applicable. The entity does not have any contracts with vendors.

- 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)

Not applicable. The entity does not have any credit cards.

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

Not applicable. The entity does not reimburse for travel or related expenses.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met with a quorum in accordance with the board's enabling bylaws.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Not applicable. The board does not have a general fund or major special revenue fund.

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

Not applicable. There is no general fund.

Bank Reconciliations

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

Not applicable. The board does not have a bank account.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

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

Not applicable. The board does not collect cash, checks, or money orders.

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

at each collection location, and observe that job duties are properly segregated at each collection location such that:

Not applicable. The board does not collect cash, checks, or money orders.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Not applicable. The board does not collect cash, checks, or money orders.

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

Not applicable. The board does not collect cash, checks, or money orders.

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

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

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

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

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

Obtained listing and written policies and procedures noting no exceptions.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 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.

No exceptions noted.

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

Obtained non-payroll disbursement transaction population noting management's representation of the population is complete.

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

No exceptions noted.

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

No exceptions noted.

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.

Not applicable. The board does not have credit cards, debit cards, fuel cards, or p-cards.

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

Not applicable. The board does not have credit cards, debit cards, fuel cards, or p-cards.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

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

Not applicable. The board does not have credit cards, debit cards, fuel cards, or p-cards.

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

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

Not applicable. The board does not have travel and travel-related expense reimbursements.

- 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).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

Not applicable. The board does not have contracts/agreements for professional services, materials and supplies, leases, or construction activities.

- 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.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Not applicable. The board does not have employees.

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

Not applicable. The board does not have employees.

- 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.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

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

Not applicable. The board does not have employees.

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.

Not applicable. The board does not have employees.

Ethics

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

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

The board did not have documentation to support that each official completed one hour of ethics training during the fiscal period.

Management response: The board will complete one hour of ethics training for the 2019 fiscal year.

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

The board did not have documentation to support that each official attested through signature verification that he or she has read the entity's ethics policy during the fiscal year.

Management response: The board will attest through signature verification that he or she has read the entity's ethic policy for the fiscal year.

Debt Service

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

No new bonds/notes were issued during the fiscal period.

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

Obtained listing of bonds/notes outstanding and management's representation that listing was complete. Documentation obtained supported the required reserve accounts and payments to those required by debt covenants without exception.

Other

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

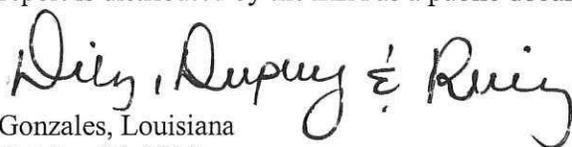
Management asserted that the entity did not have any misappropriations of public funds or assets.

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

Required notice was posted on the entity's premises and website.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.


Gonzales, Louisiana
October 26, 2018