

**IMPERIAL CALCASIEU REGIONAL PLANNING &
DEVELOPMENT COMMISSION**

FINANCIAL REPORT

JUNE 30, 2019

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

Lake Charles, Louisiana

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	2
FINANCIAL SECTION	
Independent Auditors' Report	3-5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - General Fund	8
Reconciliation of Governmental Fund Balance Sheet	9
Statement of Revenues, Expenditures and Changes in	
Fund Balance - General Fund	10
Reconciliation of the Statement of Revenues, Expenditures	
and Changes in Fund Balances of Governmental Funds	
to the Statement of Activities	11
Statement of Net Position - Fiduciary Fund	12
Statement of Changes in Fiduciary Net Position - Fiduciary fund	13
Notes to Financial Statements	14-26
SUPPLEMENTARY INFORMATION	
Required Supplementary Information:	
Budgetary Comparison Schedule	29
Other Supplementary Information:	
Schedule of Revenues and Expenditures - Grant Funds	31-32
Schedule of Compensation, Benefits and Other Payments	
To Agency Head	33
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 <i>GOVERNMENT AUDITING STANDARDS</i>	34-36
Schedule of Current Year Findings and Responses	37-39
Schedule of Prior Year Findings and Responses	40

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Imperial Calcasieu Regional Planning
and Development Commission
Lake Charles, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Imperial Calcasieu Regional Planning and Development 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Imperial Calcasieu Regional Planning and Development Commission as of June 30, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 29 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Imperial Calcasieu Regional Planning and Development Commission's basic financial statements. The schedule of revenues and expenditures - grant funds and statement of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues and expenditures - grant funds and statement of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relate 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 revenues and expenditures - grant funds and statement of compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section 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 them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, on our consideration of the Imperial Calcasieu Regional Planning & Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

McElroy Quirk & Burch

Lake Charles, Louisiana
December 17, 2019

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF NET POSITION

June 30, 2019

ASSETS	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 191,659
Grants receivable	40,276
Dues receivable	9,546
MPO dues receivable	9,797
Prepaid expenditures	<u>1,533</u>
Total current assets	252,811
NONCURRENT ASSETS	
Capital assets, net	<u>4,368</u>
Total assets	<u>257,179</u>
LIABILITIES	
CURRENT LIABILITIES	
Accrued expenditures	32,967
NONCURRENT LIABILITIES	
Leave payable	<u>7,274</u>
Total liabilities	<u>40,241</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable MPO dues	<u>126,054</u>
NET POSITION	
Investment in capital assets, net of related debt	4,368
Unrestricted	<u>86,516</u>
Total net position	<u>\$ 90,884</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net Revenue (Expense)
Planning and development	\$ 244,827	\$ 143,495	\$ 996	\$ (100,336)
Delta region programs	64	-	5,250	5,186
EDA programs	210,985	-	107,229	(103,756)
FHWA programs	299,046	-	345,155	46,109
FTA programs	22,843	-	29,659	6,816
FTA RT region program	3,243	-	5,960	2,717
Safety program	76,825	-	125,334	48,509
LAPDD program	156	-	-	(156)
Total governmental activities	<u>\$ 857,989</u>	<u>\$ 143,495</u>	<u>\$ 619,583</u>	<u>\$ (94,911)</u>
General revenues:				
Interest				\$ 714
Other income				<u>9,332</u>
				<u>\$ 10,046</u>
Change in net position				\$ (84,865)
Net position- beginning of year				<u>175,749</u>
Net position- end of year				<u>\$ 90,884</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

BALANCE SHEET - GENERAL FUND

June 30, 2019

ASSETS

Cash and cash equivalents	\$ 191,659
Grants receivable	40,276
Dues receivable	9,546
MPO dues receivable	9,797
Prepaid expenditures	<u>1,533</u>
Total assets	<u>\$ 252,811</u>

LIABILITIES

Accrued expenditures	<u>\$ 32,967</u>
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DEFERRED INFLOWS OF RESOURCES

Unavailable MPO dues	<u>126,054</u>
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FUND BALANCES

Nonspendable - prepaid expenditures	1,533
Unassigned fund balance	<u>92,257</u>
Total fund balances	<u>93,790</u>

Total liabilities and fund balances	<u>\$ 252,811</u>
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The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET

June 30, 2019

Total governmental fund balances	\$ 93,790
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 funds	4,368
Balances for compensated absences are not reported in the fund	<u>(7,274)</u>
Net position of governmental activities	<u>\$ 90,884</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GENERAL FUND
Year Ended June 30, 2019

REVENUES	
Federal and state grants	\$ 588,559
Local match - grants	30,028
Other grant income	996
Dues	143,495
Interest income	714
Other income	<u>9,332</u>
Total revenues	<u>773,124</u>
EXPENDITURES	
Current operations:	
Planning and development	249,195
Delta Regional program	64
Economic development program	210,985
FHWA program	299,046
FTA program	22,843
FTA RT program	3,243
Safety program	76,825
LAPDD program	<u>156</u>
Total expenditures	<u>862,357</u>
Excess (deficiency) over expenditures	(89,233)
Fund balance - beginning of year	<u>183,023</u>
Fund balance - end of year	<u>\$ 93,790</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Net change in fund balances - total governmental funds \$ (89,233)

Amounts reported for governmental activities in the statement of activities are different because:

(Increase) in compensated absences balances is revenue in the governmental funds, but the obligation increases long-term liabilities in the statement of net position -

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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 4,368

Change in net position of governmental activities \$ (84,865)

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2019

ASSETS

Investments	<u>\$ 172,087</u>
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LIABILITIES

Deferred compensation benefits	<u>\$ 172,087</u>
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The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
Year Ended June 30, 2019

ADDITIONS	
Employee and employer contributions	\$ 11,131
Net appreciation in fair value of investments	<u>6,594</u>
Total additions	17,725
DEDUCTIONS	<u>12,638</u>
Change in net position	5,087
Net position held in agency funds:	
Beginning of year	<u>167,000</u>
End of year	<u>\$ 172,087</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1. Summary of Significant Accounting Policies

Imperial Calcasieu Regional Planning and Development Commission (IMCAL) was created for the purpose of coordinating and assisting in the planning, developing and implementing of local, state, and federal programs on a regional basis. Improved communication and coordination among the planning efforts of the above programs was a primary goal of the eight regional planning and development districts, of which IMCAL represents District 5.

The accounting and reporting policies of IMCAL conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

Imperial Calcasieu Regional Planning and Development Commission (IMCAL) was created for the purpose of coordinating and assisting in the planning, developing and implementing of local, state, and federal programs on a regional basis. Improved communication and coordination among the planning efforts of the above programs was a primary goal of the eight regional planning and development districts, of which IMCAL represents District 5.

The accounting and reporting policies of the Commission conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the AICPA industry audit guide, *Audits of State and Local Governmental Units*.

This report includes all funds that are controlled by or dependent on the Board of Commissioners of the Imperial Calcasieu Regional Planning and Development Commission. Control by or dependence on the Board of Commissioners was determined on the basis of financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization that is fiscally dependent on the primary government should be included in its reporting entity. Based on the foregoing criteria, it was determined that no other agency should be included in this reporting entity.

B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government.

The Statement of Net Position and the Statement of Activities report financial information for the Commission as a whole so that individual funds are not displayed. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

IMCAL segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. IMCAL has no proprietary activities.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the primary operating fund. Grants received by IMCAL are characterized by administrative and/or direct financial involvement. As such, they are accounted for in the general fund.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to which transactions are recorded within various financial statements. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are prepared 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. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

In the fund financial statements, governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

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

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

D. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund balances:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net position:

Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - Net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

E. Budgets and Budgetary Accounting

Budgets for the various programs are prepared by the Executive Director and approved by the Board of Directors. The original and subsequent amendments are also approved by the Board. The original budget was adopted on June 18, 2018 and was amended on November 18, 2019. The final amended budget is presented in these financial statements. Formal budgetary integration is employed as a management control device during the year.

Encumbrance accounting is not used.

F. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit. IMCAL considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit are stated at cost.

Louisiana State Statutes, as stipulated in R.S. 39:1271, authorize the IMCAL to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

G. Prepaid Expenditures/Nonspendable-Prepaid Expenditures

The Commission has purchased commercial auto, dishonesty, and worker's compensation insurance. The coverage is consistent with that from prior years. The Commission has elected not to expense amounts paid for the portion of insurance coverage that extends into the next fiscal year. The fund balance in the governmental fund type is nonspendable for the prepaid expenditures recorded in these funds to reflect the amount of fund balance not currently available for expenditures.

H. Capital Assets and Depreciation

Capital assets - In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Computer equipment, including software	5 - 10 years
Furniture, office equipment	5 - 10 years

IMCAL has no infrastructure assets.

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition.

I. Accumulated Leave

For governmental fund types, the Commission's liability for accumulated unpaid annual leave has been recorded on the Statement of Net Position. These amounts will be recorded as expenditures in the year in which they are paid or become due on demand to terminated employees. For monthly grant reporting purposes, the Commission allocates a portion of the earned annual leave as a salary cost and thus, the program is not charged when the actual leave is taken. The Commission's sick leave policy does not provide for the vesting of sick leave.

The Commission's employees earn annual leave at a rate of twelve days per year for employees with less than two years of service and fifteen days per year for employees with over two years of service. A maximum of 20 vacation days may be accrued. A liability for such accruals has been provided; however, no liability is reported for unpaid accumulated sick leave.

J. Unavailable MPO Dues

Unavailable MPO dues is provided for the 2019-2020 dues \$126,054 that are billed in the current year but are not due and payable until the following year.

K. Cost Allocation Plan

Direct costs are charged directly to the grant in which the expenditure is incurred. All other costs not identifiable as direct charges are regarded as indirect costs and accumulated in a pool. This pool is distributed monthly to the grants based on the proportion of each grant's direct labor costs to total direct labor costs for that month.

Note 2. Cash and Cash Equivalents

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.

IMCAL maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district.

The deposits at June 30, 2019 are as follows:

	<u>Demand Deposits</u>	<u>Time Deposits</u>
Carry amount	\$ 120,009	\$ 71,650
Bank balances:		
a. Federally insured	\$ 127,760	\$ 71,650
b. Collateralized by securities held by the pledging financial institution	-	-
c. Uncollateralized and uninsured	-	-
	<u>\$ 127,760</u>	<u>\$ 71,650</u>

Interest rate risk. The Commission 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 to United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having a principal office in the State of Louisiana. Local governments in Louisiana are authorized to invest in LAMP. The Commission has no investment policy that would further limit its investment choices.

Concentration of credit risk. The Commission places no limit on the amount the Commission may invest in any one issuer.

Note 3. Receivables

Grants receivable at June 30, 2019, consisted of reimbursements for expenditures incurred under the following programs:

<u>Program</u>	<u>Amount</u>
EDA grant	\$ -
FTA Regional grant	459
FHWA grant	25,826
FTA grant	2,979
Safety grant	8,565
Local match grant	<u>2,447</u>
Total	<u>\$ 40,276</u>

Management does not believe that there is a credit risk exposure in relation to any of the above receivables.

Note 4. Capital Assets

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

	Balance <u>7/1/18</u>	Increases	Decreases	Balance <u>6/30/19</u>
Computers, furniture and equipment	\$ 39,979	\$ 4,765	\$ (26,406)	\$ 18,338
Accumulated depreciation	<u>(39,979)</u>	<u>(397)</u>	<u>26,406</u>	<u>(13,970)</u>
Capital assets, net	\$ <u>-</u>	\$ <u>4,368</u>	\$ <u>-</u>	\$ <u>4,368</u>

Note 5. Changes in Accrued Leave Payable

The following is a summary of transactions relating to the Commission's leave payable during fiscal year ended June 30, 2019:

	Balance <u>7/01/18</u>	<u>Principal</u>		Balance <u>6/30/19</u>
		<u>Additions</u>	<u>Reductions</u>	
Accumulated unpaid vacation	\$ <u>7,274</u>	\$ <u>3,907</u>	\$ <u>(3,907)</u>	\$ <u>7,274</u>

Note 6. Fund Balance

In accordance with Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Commission classifies governmental fund balances as follows:

Nonspendable:

Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted:

Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained or due to constitutional provisions or enabling legislation.

Committed:

Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (the Commission Board) and does not lapse at year end. Formal action by the same authority is required to rescind such a commitment.

Assigned:

Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Executive Director.

Unassigned:

Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Commission uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Commission would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Commission does not have a formal minimum fund balance policy.

Note 7. Economic Dependency/Funding Sources

The Commission receives the majority of its revenue from funds provided through grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Commission receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Commission will receive in the next fiscal year.

During the year, the Commission received the following amounts from various grants:

Federal and state grants:

Economic Development Administration (EDA)	\$ 107,229
Federal Transportation Administration (FTA)	35,619
Federal Highway Administration (FHWA)	315,127
Delta Regional Authority	5,250
Louisiana Department of Transportation and Development	<u>125,334</u>
	<u>\$ 588,559</u>

Note 8. Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

Note 9. Lease Commitments

The Commission leases office space under operating leases expiring on July 31, 2023.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of 1 year as of June 30, 2019 for each of the next 4 years and in the aggregate are:

Year Ended June 30	
2020	\$ 30,000
2021	30,000
2022	30,000
2023	30,000
2024	<u>2,500</u>
Total minimum future rental payment	<u>\$ 122,500</u>

Lease expense for the year ended June 30, 2019 amounted to \$30,000.

Note 10. Deferred Compensation

IMCAL offers employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code of 1986. The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with provisions of GASB Statement No. 32, plan balances and activities are not reflected in the financial statements.

Note 11. Fair Value

The Commission categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Commission had the following recurring fair value measurements as of June 30, 2019:

Fiduciary Activities

Investments reported at fair value on the Commission's Statement of Net Position - Fiduciary Funds consist of investments held by the Commission's 457 plan, described in Note 10, on behalf of its employees. The investments are not included on the Commission's basic financial statements and instead are shown on its fiduciary statements. The investments consist entirely of mutual funds which are traded on active markets and are considered level 1 investments.

Investments by Fair Value Level	6/30/19	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Units
		(Level 1)	(Level 2)	(Level 3)
Mutual funds:				
NW Dest 2060 Inst SVC	\$ 6,281	\$ 6,281	\$ -	\$ -
NW Inv Dest Mod Aggr SVC	107,634	107,634	-	-
NW Inv Dest Mod SVC	57,959	57,959	-	-
Nationwide Fixed Account	213	213	-	-
	<u>\$ 172,087</u>	<u>\$ 172,087</u>	<u>\$ -</u>	<u>\$ -</u>

Note 12. Contingent Liabilities and Commitments

The Commission does not have any pending litigation cases at June 30, 2019.

The Commission's management believes that any potential lawsuits would be adequately covered by insurance.

The Commission receives revenues from various federal and state grant programs that are subject to final review and approval as to the permissibility of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the Commission.

Note 13. Subsequent Events

Subsequent events have been evaluated through December 17, 2019, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Grant income	\$ 869,831	\$ 641,831	\$ 589,555	\$ (52,276)
Local match	-	-	30,028	30,028
Dues	133,115	133,115	143,495	10,380
Other revenue	-	-	10,046	10,046
Total revenues	<u>1,002,946</u>	<u>774,946</u>	<u>773,124</u>	<u>(1,822)</u>
EXPENDITURES				
Personnel costs	397,000	397,000	380,738	16,262
Space rental	32,600	32,600	30,000	2,600
Travel	41,000	41,000	14,939	26,061
Equipment	14,000	14,000	-	14,000
Phone/supplies/postage	10,000	10,000	4,355	5,645
Insurance	12,300	12,300	8,067	4,233
Legal and professional	8,500	8,500	74,962	(66,462)
Other expenses	<u>326,400</u>	<u>326,400</u>	<u>349,296</u>	<u>(22,896)</u>
Total expenditures	<u>841,800</u>	<u>841,800</u>	<u>862,357</u>	<u>(20,557)</u>
Excess (deficiency) of revenues over expenditures	161,146	(66,854)	(89,233)	(22,379)
Fund balance - beginning of year	<u>183,023</u>	<u>183,023</u>	<u>183,023</u>	<u>-</u>
Fund balance - end of year	<u>\$ 344,169</u>	<u>\$ 116,169</u>	<u>\$ 93,790</u>	<u>\$ (22,379)</u>

OTHER SUPPLEMENTARY INFORMATION

- Schedule of Revenues and Expenditures - Grant Funds
- Schedule of Compensation, Benefits, and Other Payments to Agency Head

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF REVENUES AND EXPENDITURES - GRANT FUNDS

Year Ended June 30, 2019

	Economic Development Administration				
	EDA 18-19	REDRM EDA 18-20	Delta 18-19	LAPDD 18-19	Safety 18-19
REVENUES					
Federal and state grants	\$ 70,706	\$ 36,523	\$ 5,250	\$ -	\$ 125,334
Local match - IMCAL	-	-	-	-	-
Total revenues	<u>70,706</u>	<u>36,523</u>	<u>5,250</u>	<u>-</u>	<u>125,334</u>
EXPENDITURES					
Salaries	55,103	23,782	60	-	69,064
Fringe benefits	3,511	1,949	4	-	5,415
Consultants and contractors	-	60,166	-	-	-
Employee training	6,519	516	-	-	-
Travel	7,709	1,252	-	-	1,433
Miscellaneous	22,747	16,013	-	-	300
Supplies	476	-	-	156	276
Registration and subscriptions	9,087	1,499	-	-	335
Postage	62	-	-	-	2
Advertising	-	-	-	-	-
Equipment	110	-	-	-	-
DATA	444	40	-	-	-
Total expenditures	<u>105,768</u>	<u>105,217</u>	<u>64</u>	<u>156</u>	<u>76,825</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (35,062)</u>	<u>\$ (68,694)</u>	<u>\$ 5,186</u>	<u>\$ (156)</u>	<u>\$ 48,509</u>

Note 1: The schedule does not include non-federal expenditures of \$244,827. For financial statement purposes, the denoted items, when combined with the total expenditures on this schedule, will reconcile to the total expenditures in the statement of revenues and expenditures, and changes in fund balance - general fund on this report.

<u>Department of Transportation</u>						
<u>FTA RT</u>	<u>FTA RT</u>	<u>FTA</u>	<u>FHWA</u>	<u>FHWA</u>	<u>FHWA</u>	<u>Total</u>
<u>17-18</u>	<u>18-19</u>	<u>18-19</u>	<u>17-18</u>	<u>18-19</u>	<u>MTP2045</u>	<u>(Memo Only)</u>
\$ -	\$ 5,960	\$ 29,659	\$ -	\$ 98,887	\$ 216,240	\$ 588,559
-	-	-	-	30,028	-	30,028
-	5,960	29,659	-	128,915	216,240	618,587
-	3,033	20,114	1	60,840	-	231,997
(18)	228	1,611	135	4,735	-	17,570
-	-	-	-	5,064	212,903	278,133
-	-	-	-	1,500	-	8,535
-	-	544	-	3,078	-	14,016
-	-	-	-	40	-	39,100
-	-	-	-	-	-	908
-	-	422	-	7,095	-	18,438
-	-	-	-	7	1	72
-	-	152	-	811	-	963
-	-	-	-	-	-	110
-	-	-	-	2,836	-	3,320
(18)	3,261	22,843	136	86,006	212,904	613,162
\$ 18	\$ 2,699	\$ 6,816	\$ (136)	\$ 42,909	\$ 3,336	\$ 5,425

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
Year Ended June 30, 2019

Agency Head Name: Cheri Soileau

The Officer herein is an Executive Officer and as such is an employee of the State of Louisiana. The payments are required to be disclosed per Act 706 for the fiscal year ended June 30, 2019, are as follows:

Gross salary	\$ 48,757
Benefits - insurance	-
Benefits - retirement	-
Conference and seminar fees	888

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
Imperial Calcasieu Regional Planning
and Development Commission
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Imperial Calcasieu Regional Planning and Development Commission as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Imperial Calcasieu Regional Planning and Development Commission's basic financial statements and have issued our report thereon dated December 17, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 accompanying schedule of findings and questioned costs that we consider to be material weaknesses. 2019-001 through 2019-002.

Compliance and Other Matters

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

Imperial Calcasieu Regional Planning and Development Commission'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 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.

This report is solely for the information and use of the members of the Imperial Calcasieu Regional Planning & Development Commission and the Legislative Auditor and is 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 Legislative Auditor as a public document.

Mr. Eray Quik + Bush

Lake Charles, Louisiana
December 17, 2019

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2019

SECTION I. Summary of Auditors' Results:

Financial Statements

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weakness identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Control deficiencies identified not considered to be material weakness?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

(continued on next page)

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2019
(Continued)

SECTION II. Compliance and Internal Control over Financial Reporting:

A) Internal Control - Financial Statement Audit

2019-001 Lack of Segregation of Duties

Finding: Effective internal control is dependent to a great extent on segregation of responsibilities for initiating, evaluating, and approving transactions from those for detail accounting and other related functions.

Criteria: Proper internal controls require that there be segregation of certain duties.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Cause: Because of the entity's size, segregation of duties is not always feasible.

Recommendation: As in the previous year, we recommend that the executive director and board members continue to take an active interest in the monitoring of the Commission's financial information.

Response: At this point, it is not feasible to increase the size of our accounting staff in order to provide proper segregation of duties. As we have done in the past, the management will continue to take the necessary actions to properly monitor the financial activities of the Commission that will include participation in the review of the monthly accounting data.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2019
(Continued)

2019-002 Controls over Financial Reporting

Finding: In our judgment, the Commission's accounting personnel and those charged with governance, in the course of their assigned duties, lack the resources to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a material misstatement, if present.

Criteria: The Auditing Standards Board issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. SAS No. 112 emphasizes that the auditor cannot be part of the system of internal control over financial reporting.

Effect: Material misstatements in financial statements could go undetected.

Recommendation: In our judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2019

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2018-001	Lack of segregation of duties	Unresolved - See comment 2019-001 in Schedule of Current Year Findings
2018-002	Controls over financial reporting	Unresolved - See comment 2019-002 in Schedule of Current Year Findings
2018-003	Improper compensation	Resolved in the current year.
2018-004	Misuse of public funds	Resolved in the current year.
2018-005	Incorrect disbursement coding	Resolved in the current year.
2018-006	Late filing of audited financial statements	Resolved in the current year.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the
Imperial Calcasieu Regional Planning and Development Commission
And the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Imperial Calcasieu Regional Planning and Development Commission (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures 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.

As of June 30, 2019, the Entity did not have written procedures that addressed this area. The Entity follows the State's Revised Statutes for its procedures.

- 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.

As of June 30, 2019, the Entity did not have written procedures that addressed how vendors are added to the vendor list, controls to ensure compliance with the public bid law, or documentation required to be maintained for all bids and price quotes.

The Entity follows the State's Revised Statutes for its procedures and federal guidelines as applicable.

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

No exceptions.

- 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).

As of June 30, 2019, the Entity did not have written procedures that addressed this area.

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

As of June 30, 2019, the Entity did not have written procedures that addressed payroll processing, or reviewing and approving time and attendance records, including overtime worked.

- 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

As of June 30, 2019, the Entity did not have written procedures that addressed this area. The Entity also follows federal guidelines as applicable.

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

As of June 30, 2019, the Entity did not have written procedures that addressed this area.

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

No exceptions noted.

- 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.

As of June 30, 2019, the Entity did not have written procedures that addressed this area.

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

As of June 30, 2019, the Entity did not have written procedures that addressed this area.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data 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 a critical event.

As of June 30, 2019, the Entity did not have written procedures that addressed this area.

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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

- 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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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 each selected account, and observe that:
 - 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);

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

- 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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

- 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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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).
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:

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

- 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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

- 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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous 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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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:

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

- 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).

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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

No exceptions.

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

No exceptions.

- 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.

The employee responsible for processing payments also can add/modify vendor files.

- 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.

- 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:

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

No exceptions.

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

4 out of 5 disbursements did not have documentation that 2 employees were involved in processing and approving disbursements. 2 out of 5 disbursements did not have documentation that 2 employees are involved in initiating purchases.

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.

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:

- 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.]]

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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).

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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:

- 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).

2 of the 5 mileage reimbursements was paid at the incorrect rate, resulting in an underpayment of \$2.03.

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

No exceptions.

- 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).

2 mileage reimbursements did not document the business purpose.

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

No exceptions.

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:

- 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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

- 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).

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

- 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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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:

- 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.)

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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 2 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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous 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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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.

No exceptions.

- 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 Entity does not have a formal written ethics policy.

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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous 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. Randomly select 1 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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

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.

The procedures in this category were excluded as allowed by the Legislative Auditor "Rotation of Procedures" policy, due to this category having no exceptions in the previous year.

Management's Response and Corrective Action

Management's response and corrective action plan for exceptions noted in the above agreed-upon procedures:

- a) **Written Policies and Procedures:** The Entity will develop and adopt an updated set of policies and procedures meeting the criteria outlined in the SAUPs.
- b) **Disbursements:** Procedure 9 (c) – The Entity will consult with its software provider to determine the possibility of implementing this control over the Entity’s approved vendor list.
- c) **Disbursements:** Procedure 10 (b) – The Entity does utilize 2 employees in initiating, processing, and approving disbursements. The Entity will document this by initialing invoices during processing and approving disbursements.
- d) **Travel and Travel-Related Expense Reimbursements (excluding card transactions):** Procedure 14 (a) – The Entity will more closely monitor mileage reimbursements to ensure that miles are reimbursed at the proper mileage rate.
- e) **Travel and Travel-Related Expense Reimbursements (excluding card transactions):** Procedure 14 (c) – The Entity will more closely monitor mileage reimbursement forms to ensure that the business purpose for reimbursements is properly documented.
- f) **Ethics:** Procedure 20 (b) – The Entity will develop and approve a formal ethics policy. The Entity will require signature verification that employees have read the formal ethics policy.

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.

Ms. Cheryl Quirk - Benach
Lake Charles, Louisiana
December 17, 2019