

**INDEPENDENT AUDITORS' REPORT ON
THE FINANCIAL STATEMENTS
OF
WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
JUNE 30, 2017**

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
Sulphur, Louisiana

BASIC FINANCIAL STATEMENTS
 WITH INDEPENDENT AUDITORS' REPORT
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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Management's Discussion and Analysis

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

Management's Discussion and Analysis
June 30, 2017

As Management of the West Calcasieu Parish Community Center Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority as of and for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at June 30, 2017 by \$18,217,101 (net position).
- The Authority's net position increased by \$407,174 as a result of this year's operations.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$12,785,402 which include land, buildings and improvements, and equipment, net of accumulated depreciation.
 - (2) Unrestricted net position of \$4,663,077 represents the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- At June 30, 2017, the Authority's governmental funds consist solely of the Authority's general fund. The Authority's governmental funds reported a total ending fund balance of \$5,453,329 a decrease of \$7,791,627, including expenditures for capital assets and debt service of the 2011 bonds. Of the total fund balance, \$4,634,141 is unassigned and available for spending at the Authority's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements of the Authority report information about the Authority using accounting methods similar to those used by private companies. They present the financial picture of the Authority from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Authority (including capital assets) as well as all liabilities (including long-term obligations.)

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents the current year's revenues and expenses and other information showing how the Authority's net position changed during the year. The change in net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are presented on pages 12 and 14 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and

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local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority are categorized as governmental funds.

Fund Financial Statements. (continued)

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains one individual governmental fund – the general fund. The Authority adopts an annual appropriated budget for the general fund, and a budgetary comparison schedule is provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements are also presented on pages 12 and 14 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's budget presentation. The general fund's budgetary comparison schedule is included as "required supplementary information." Required supplementary information is information that the accounting rules strongly suggest be presented within the Authority's financial report. This schedule demonstrates compliance with the Authority's adopted and final revised budget.

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FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's net position at June 30, 2017 and 2016 are summarized as follows:

	2017	2016
Assets:		
Current Assets	\$ 5,513,073	\$ 13,354,363
Capital Assets (net of accumulated depreciation)	<u>19,316,962</u>	<u>18,271,048</u>
Total Assets	24,830,035	31,625,411
Deferred outflows of resources	<u>-</u>	<u>-</u>
 Liabilities:		
Current and Other Liabilities	488,304	7,330,406
Long-Term Liabilities	<u>6,124,630</u>	<u>6,485,078</u>
Total Liabilities	6,612,934	13,815,484
Deferred inflows of resources	<u>-</u>	<u>-</u>
 Net Position:		
Invested in Capital Assets (net of related debt)	12,785,402	11,620,559
Restricted	768,622	-
Unrestricted	<u>4,663,077</u>	<u>6,189,368</u>
Total Net Position	<u>\$ 18,217,101</u>	<u>\$ 17,809,927</u>

The largest components of the Authority's total assets are: (1) cash of \$2,403,446 or 9.70% (2) capital assets (e.g., land, building, and improvements and equipment, (net of accumulated depreciation) of \$19,316,962 or 77.80%; and (3) investments of \$3,021,005 or 12.17%. Of the Authority's total liabilities, the largest component is (1) bond payable of \$6,470,000 or 97.85%.

As noted earlier, net position (total assets less total liabilities) may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Authority's net position totaled \$18,217,101. A portion of the Authority's net position reflects its investments in capital assets (e.g., building, land and equipment). Capital assets are non-liquid assets and cannot be utilized to satisfy the Authority's obligations. The unrestricted net position of the Authority is available for future use.

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Management's Discussion and Analysis
June 30, 2017

The Authority's changes in net position for June 30, 2017 and 2016 are summarized as follows:

	2017	2016
General Revenues and Program Revenues:		
Sales Taxes	\$1,067,099	\$995,464
Intergovernmental Revenues	278,346	270,108
Contributed Capital	461,039	-
Interest Income	35,455	2,432
Other Income	7,594	41,609
Facility Revenues	437,653	403,516
Concession Revenues	<u>297,262</u>	<u>280,137</u>
Total Revenues	<u>2,584,448</u>	<u>1,993,266</u>
 Expenses:		
Personnel	604,339	489,688
Operating Services	363,112	359,520
Materials and Supplies	278,018	254,085
Interest	232,767	307,560
Debt Service - 2016 Bond Issue Costs	-	159,822
Depreciation and Amortization	<u>699,038</u>	<u>724,809</u>
Total Expenses	<u>2,177,274</u>	<u>2,295,484</u>
 Change in Net Position	 407,174	 (302,218)
Net Position- Beginning	<u>17,809,927</u>	<u>18,112,145</u>
Net Position - Ending	<u>\$ 18,217,101</u>	<u>\$ 17,809,927</u>

Governmental activities increased net position by \$407,174 for the year ended June 30, 2017.

Key elements of the analysis of government-wide revenues and expenses reflect the following:

- The Authority is heavily dependent on sales taxes to support its operations. Sales taxes provided 41.29% of the Authority's total revenues.
- Total revenues increased by \$591,182, primarily due to a increase in contributed capital of \$461,039 from the prior year and an increase in sales tax revenues.
- Most expenses increased in the current year with the addition of the events center. Depreciation expense decreased \$25,771 from the prior year, and interest expense decreased \$74,793.

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FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the Authority present its General Fund. The General Fund is the Authority's operating fund and the source of day-to-day service delivery. As discussed, the General Fund is useful in assessing the resources available at the end of the year in comparison with upcoming requirements.

At June 30, 2017, the Authority's General Fund balance (total assets less total liabilities) totaled \$5,453,329 of which \$9,976 was reserved for inventory, \$40,590 was reserved for prepaid expenses, and \$768,622 is restricted for debt service.

Total general revenues reflect a (23%) \$591,182 increase in 2017 as compared to 2016 due primarily to a increase in contributed capital, as well as an increase in sales taxes.

BUDGETARY HIGHLIGHTS

The actual other financing uses of \$6,782,887, which was the payment of the 2011 series bond payable, was not budgeted for in the fiscal year. This caused a variance of more than 5% for this line item.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2017, the Authority had invested in various capital assets, including buildings and improvements and equipment. The capital assets are summarized below:

	Governmental Activities	
Nondepreciable Assets:	<u>2017</u>	<u>2016</u>
Land	\$ 1,797,269	\$ 1,332,915
Construction in Progress	<u>1,114,632</u>	<u>-</u>
Total Nondepreciable Assets	2,911,901	1,332,915
Depreciable Assets:		
Buildings and Improvements	19,199,892	19,190,165
Equipment and Furniture	<u>1,922,212</u>	<u>1,765,973</u>
Total Depreciable Assets	21,122,104	20,956,138
Less Accumulated Depreciation	<u>4,717,043</u>	<u>4,018,005</u>
Book Value - Depreciable Assets	<u>\$ 19,316,962</u>	<u>\$ 18,271,048</u>

Debt Administration

The 2016 series bond payable balance decreased \$370,000 as principal was paid on the bonds, decreasing the balance from \$6,840,000 to \$6,470,000 in the current year.

ECONOMIC FACTORS AND FUTURE OUTLOOK

Since the primary revenue stream for the Authority is sales taxes, the Authority's sales tax revenues are subject to changes in the economy.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Authority's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Adrian Moreno, Executive Director, at the Authority's Office, 2900 Ruth Street, Sulphur, Louisiana 70664 or call at (337) 528-9378.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
West Calcasieu Parish Community Center Authority
Sulphur, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the West Calcasieu Parish Community Center Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the 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 opinions.

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the West Calcasieu Parish Community Center Authority as of June 30, 2017, and the respective changes in financial position, for the year then ended in conformity 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 and required supplemental information on pages 4 through 9, and 32 be presented to supplement the basic financial

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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 an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the West Calcasieu Parish Community Center Authority'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 West Calcasieu Parish Community Center Authority's internal control over financial reporting and compliance.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
December 20, 2017

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

Governmental Funds Balance Sheet/Statement of Net Position

June 30, 2017

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and Cash Equivalents	\$ 1,634,824	\$ -	\$ 1,634,824
Cash and Cash Equivalents, Restricted	768,622	-	768,622
Investments	3,021,005	-	3,021,005
Taxes Receivable	25,384	-	25,384
Accounts Receivable	12,672	-	12,672
Concession Inventory	9,976	-	9,976
Prepaid Insurance	40,590	-	40,590
Capital Assets (net of accumulated depreciation)	-	17,519,693	17,519,693
Land	-	1,797,269	1,797,269
	5,513,073	19,316,962	24,830,035
Total Assets			
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Accounts Payable and Other Accrued Liabilities	59,744	-	59,744
Interest Payable - 2016 Bonds	-	61,560	61,560
Bonds Payable:			-
2016 - Due Within One Year	-	367,000	367,000
2016 - Due After One Year	-	6,103,000	6,103,000
Other Long - Term Liabilities:			
Due After One Year	-	21,630	21,630
	59,744	6,553,190	6,612,934
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
FUND BALANCES			
Nonspendable:			
Inventories	9,976	(9,976)	-
Prepaid Expense	40,590	(40,590)	-
Restricted for Debt Service	768,622	(768,622)	-
Unassigned	4,634,141	(4,634,141)	-
Total Fund Balances	5,453,329	(5,453,329)	-
Total Liabilities and Fund Balances	\$ 5,513,073		
NET POSITION			
Invested in Capital Assets, (net of related debt)		12,785,402	12,785,402
Restricted		768,622	768,622
Unrestricted		4,663,077	4,663,077
Total Net Position		\$ 18,217,101	\$ 18,217,101

The accompanying notes are an integral part of this statement

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**

June 30, 2017

Total fund balance for governmental funds at June 30, 2017: \$ 5,453,329

Total net position reported for governmental activities in the Statement of
Net Position is different because:

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported in
the funds. Those assets consist of:

Capital assets, net of \$4,716,700 accumulated depreciation	17,519,693
Land	1,797,269

Long-term liabilities at June 30, 2017 are not due and payable in
the current period and therefore are not reported in the funds:

Bonds payable	(6,470,000)
Accrued interest payable	(61,560)
Other post retirement benefits	(21,630)

Total net position of governmental activities at June 30, 2017	<u><u>\$ 18,217,101</u></u>
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**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/
Statement of Activities**

For the Year Ended June 30, 2017

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES			
Governmental Activities:			
Personnel Services	\$ 604,339	\$ -	\$ 604,339
Operating Services	363,112	-	363,112
Materials and Supplies	278,018	-	278,018
Debt Service - Interest	232,767	-	232,767
Debt Service - Principal	370,000	(370,000)	-
Capital Outlay	1,283,913	(1,283,913)	-
Depreciation	-	699,038	699,038
Total Expenditures	3,132,149	(954,875)	2,177,274
PROGRAM REVENUES			
Facility Revenues	424,825	-	424,825
Concessions Revenues	297,262	-	297,262
Shavings Revenues	12,828	-	12,828
Other Revenues	7,594	-	7,594
Total Program Revenues	742,509	-	742,509
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	(2,389,640)	954,875	(1,434,765)
GENERAL REVENUES			
Hotel/Motel Sales Taxes	1,067,099	-	1,067,099
Intergovernmental Revenues	278,346	-	278,346
Contributed Capital	-	461,039	461,039
Interest Income	35,455	-	35,455
Total General Revenues	1,380,900	461,039	1,841,939
OTHER FINANCING SOURCES (USES)			
Proceeds of Refunding Bonds	-	-	-
Debt Service - 2011 Bonds	(6,782,887)	6,782,887	-
Total Other Financing Sources (Uses)	(6,782,887)	6,782,887	-
CHANGE IN FUND BALANCE /NET POSITION	(7,791,627)	8,198,801	407,174
FUND BALANCE/NET POSITION			
Beginning of Year	13,244,956	4,564,971	17,809,927
End of Year	\$ 5,453,329	\$ 12,763,772	\$ 18,217,101

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

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

For the Year Ended June 30, 2017

Total net changes in fund balances June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (7,791,627)
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	1,283,913	
Depreciation expense for the year ended June 30, 2017	<u>(699,038)</u>	584,875
Payments of long-term debt are reported as expenditures in governmental funds. However, those amounts are a reduction of long-term liabilities in the Statement of Net Position and are not reflected in the Statement of Activities		7,152,887
Donation of property reported as Contributed Capital in the Statement of Activities		461,039
Total changes in net position at June 30, 2017 per Statement of Activities		<u>\$ 407,174</u>

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CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 29, 1992, by legal authority R.S. 33:4576, the Louisiana Legislature created the West Calcasieu Parish Community Center Authority. The Authority is charged with building, maintaining and operating a rodeo arena, sports complex, and community center within Calcasieu Parish.

The managing board of the West Calcasieu Parish Community Center Authority consists of seven members, all serving without compensation. One member is appointed by the governing authority of each of the following municipalities: City of Sulphur, City of Westlake, City of DeQuincy and the Town of Vinton; one member appointed by the governing authority of Calcasieu Parish, one member appointed by the District 33 House of Representative member and one member appointed by the District 27 State Senator; each appointee shall be a resident of Ward 4, 5, 6, or 7 of Calcasieu Parish.

The accounting policies of the West Calcasieu Parish Community Center Authority conform to accounting principles generally accepted in the United States of America as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting practices. The following is a summary of the more significant policies:

A. FINANCIAL REPORTING ENTITY

The Authority is a component unit of the State of Louisiana. This report includes all funds that are controlled by or dependent on the Authority. Control by or dependence on the Authority was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body and other general oversight responsibility.

B. BASIS OF PRESENTATION

The accompanying basic financial statements of the Authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, issued in June 1999.

Fund Financial Statements

The Authority uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions or activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. The Authority's current operations require the use of only one governmental fund type. The governmental fund type is described as follows:

General Fund - The primary operating fund of the Authority, it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Authority's policy. The General Fund is therefore considered its major fund.

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**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2017**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

B. BASIS OF PRESENTATION (continued)

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Authority as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the Authority; and (b) 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.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the 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 measurements made, regardless of the measurement focus applied.

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Authority's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Authority considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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As of and for the year ended June 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Government-Wide Financial Statements (GWFS)

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

D. BUDGETS

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general funds. All annual appropriations lapse at fiscal year-end. On or before the last meeting of each year, the budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the Authority's Board of Directors for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in cash on hand, demand deposits and time deposits with original maturities of 90 days or less.

Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting book balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal the amount with the fiscal agent at all times. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2017, the Authority had \$2,403,423 in deposits (collected bank balances). These deposits were secured by \$1,000,000 of federal deposit insurance and \$1,403,423 collateralized with securities held in the name of the Authority by the pledging financial institution's agent. Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

E. CASH AND CASH EQUIVALENTS (continued)

Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk.

F. UNCOLLECTIBLE ACCOUNTS

Uncollectible amounts due for other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

G. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. All of the fixed assets are based on actual historical costs. The Authority maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and infrastructures	20-40 years
Land Improvements	5-30 years
Furniture and fixtures	5-10 years
Equipment	5-10 years
Transportation equipment	5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. COMPENSATED ABSENCES

The Authority has the following policy relating to vacation and sick leave:

Vacation

Each full-time employee shall be entitled to take vacation with pay in the following manner:

An employee of the Authority will earn one week's vacation after six (6) months of continuous employment from his/her anniversary date and it can be taken at any time after the end of that period.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

H. COMPENSATED ABSENCES (continued)

After twelve (12) months service, he/she is eligible for an additional week of vacation. Vacation thereafter shall be accumulated by all full time employees utilizing the following schedule:

One year.....	2 weeks
More than three years.....	3 weeks
More than ten years.....	4 weeks
More than fifteen years.....	5 weeks
More than twenty years.....	6 weeks

Employees may carry forward a maximum of eighty (80) hours of vacation past December 31 of each year. Those hours in excess of eighty (80) hours will be converted to sick leave.

Sick Leave

Sick leave shall be credited to regular employees at the rate of .0462 hours for each hour of work. Hours of work shall be defined as regular hours worked, holidays, and vacation time. (This is equivalent to eight (8) hours of sick leave per month.) This shall be granted to employees during the first year of continuous employment. After one year of continuous employment, the employee shall accumulate sick leave at the rate of .0692 hours for each hour of work. (This is equivalent to twelve (12) hours of sick leave per month.) The maximum allowable Sick Leave Hours that may be accrued by any full time employee shall not exceed 520 hours. For employees hired prior to October 19, 2016 the maximum number of hours of accrued Sick Time Leave shall be 520 hours OR the current number of each eligible employees actual accrued leave, whichever is greater. No employee shall be paid for unused sick leave.

The Authority’s recognition and measurement criteria for compensated absences is as follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the employees earn the benefits if both of the following conditions are met:

- a. The employees’ rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

I. LONG-TERM DEBT

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable. Long-term debt

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NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

I. LONG-TERM DEBT (continued)

for governmental funds is not reported as liabilities in the financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

J. EQUITY CLASSIFICATION

In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" the Authority classified governmental fund balances as follows:

- Nonspendable fund balance – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balances – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Authority, using its highest level of decision-making authority (the Board of Directors). To be reported as committed, amounts cannot be used for any other purposes unless the Authority takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the Authority intends to use for a specific purpose, Intent can be expressed by the Board of Directors or by an official or body to which the Authority delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Authority establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Authority through adoption or amendment of the budget as intended for specific purposes (such as the purchased of fixed assets, construction, debt service, or for other purposes).

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

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

J. EQUITY CLASSIFICATION (continued)

In the government-wide statements, equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws of regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net invested in capital assets”.

K. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

L. INVENTORY

Inventory is valued at cost, using the first in, first out method. The costs of inventories are recorded as expenditures when used (consumption method), and consists of concessions held for resale.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2017 the Authority had cash and cash equivalents (book balances) totaling \$2,403,446 as follows:

Non interest-bearing demand deposits-current	\$	4,000
Interest-bearing demand deposits - current		1,630,824
Interest-bearing demand deposits - restricted		<u>768,622</u>
Total	\$	<u><u>2,403,446</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on the with the fiscal agent.

The Authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

NOTE 3 - RESTRICTED CASH

The Series 2016 Revenue Bond Resolution required the establishment of a Revenue Fund to collect and disburse the tax revenues from the Louisiana Department of Revenue and Taxation and disbursed by the Paying Agent to the Sinking Fund at times and amounts necessary to pay the principal and interest on the bonds as they mature and become due. The balance in this account with Whitney Bank was \$768,622 at June 30, 2017.

NOTE 4 – INVESTMENTS

Investments held at June 30, 2017 consist of \$3,021,005 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126 the investment in LAMP at June 30, 2017 is not categorized in the three risk categories provided by GASB Codification Section 150.126 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

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

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

Credit risk: LAMP is rated AAAm by Standard & Poor's.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 – INVESTMENTS (continued)

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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

NOTE 5 – COMPENSATED ABSENCES

At June 30, 2017, the employees of the Authority have accumulated and vested \$12,513 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 6 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Authority maintains commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 7 – CAPITAL ASSETS

The following is a schedule of changes in fixed assets for the year ended June 30, 2017:

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NOTE 7 – CAPITAL ASSETS (continued)

	Beginning of Year	Additions	Deletions	End of Year
Building	\$ 5,441,480	\$ -	\$ -	\$ 5,441,480
Building - Events Center	12,450,738	8,245	-	12,458,983
Land	1,332,915	464,354	-	1,797,269
Land Improvements	1,297,947	1,482	-	1,299,429
Vehicles	99,204	33,742	-	132,946
Furniture and Equipment	691,502	105,403	-	796,905
Furniture and Equipment-Event Center	975,267	17,094	-	992,361
Construction in Progress	-	1,114,632	-	1,114,632
Total	22,289,053	1,744,952	-	24,034,005
Accumulated Depreciation	(4,018,005)	(699,038)	-	(4,717,043)
Net	<u>\$ 18,271,048</u>	<u>\$ 1,045,914</u>	<u>\$ -</u>	<u>\$ 19,316,962</u>

NOTE 8 – BONDS PAYABLE

2016 Revenue Refunding Bonds

On March 23, 2016, the Authority issued \$6,840,000 in Revenue Refunding Bonds, Series 2016, with an average interest rate of 2.889 percent to advance refund \$6,715,000 of outstanding 2011 Series Revenue Bonds with an average interest rate of 3.79 percent. The net proceeds of the bonds, \$6,672,018 (after payment of \$167,982 in costs of issuance) and a transfer of \$157,500 from the existing funds of the Authority, were used to purchase U.S. Treasury Certificates. Those securities were deposited into a special and irrevocable trust with an escrow agent to provide for the payment of the outstanding \$6,715,000 series 2011 bonds on September 1, 2016.

The Authority completed the advance refunding of the series 2011 bonds to reduce its total debt service payments over the next 15 years by \$275,544 and to obtain an economic gain of \$183,563.

The following is a summary of changes in this long-term debt for the year ended June 30, 2017:

Description	Amount of		Interest Rates	Balance 6/30/2016	Retired 6/30/2017	Balance 6/30/2017
	Original Issue	Maturity				
2016	\$ 6,840,000	2032	2.89%	\$ 6,840,000	\$ 370,000	\$ 6,470,000

The annual debt service requirements to maturity for the 2017 bond series as of June 30, 2017 are as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 – BONDS PAYABLE (continued)

Year Ending June 30,	Revenue Bonds Principal	Bonds Interest
2018	367,000	182,269
2019	377,000	172,450
2020	387,000	162,259
2021	398,000	151,630
2022	409,000	140,360
2023-2027	2,230,000	517,211
2028-2032	2,302,000	171,447
	<u>\$ 6,470,000</u>	<u>\$ 1,497,626</u>

NOTE 9 – DEFERRED COMPENSATION PLAN

In 2015, the Authority implemented a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b) for its employees. The plan is available to all full time employees which have been employed by the Authority for 12 consecutive months, and is administered by Great West Financial. The plan permits the employees to defer a portion of their current salary until future years. The Authority's contribution for each employee is a match of 2:1, not to exceed 10% of each eligible employee's annual earnings. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. During the year ended June 30, 2017, the Authority contributed \$19,669, with the employees contributing \$11,870.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Authority (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Authority's general creditors. Participants' rights under the plan are equal to those of general creditors of the Authority in an amount equal to the fair market value of the deferred account for each participant.

In management's opinion, the Authority has no liability for losses under the plan. However, the Authority does have the duty of due care that would be required of an ordinary prudent investor. The Authority believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 - POSTEMPLOYMENT HEALTHCARE PLAN

In 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*. This Statement addresses the fact that certain postemployment benefits other than pensions, which for the Authority consist of healthcare benefits only, are related to employee services and salaries received presently but that will benefit the employee in the future – upon retirement and whose costs will be borne by the Authority in the future. This Statements attempts to quantify the future "retirement" costs that have been earned by the

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 - POSTEMPLOYMENT HEALTHCARE PLAN (continued)

employee during his active years of employment. The Authority will finance the postemployment benefits on a “pay-as-you-go” basis. Accordingly, a liability is recognized in the financial statements for the actuarial determined amount of postemployment benefits that are associated with the normal costs of benefits attributable to service in the current year as well as an amortization of any unfunded actuarial accrued liability for costs of benefits associated with prior years of employment.

The notes to the financial statements contain other required disclosure information such as the estimated costs today of providing the postemployment benefits to all of your current employees once they retire not just the liability referred to above that is actually recognized in the Statement of Net Position. The Parish contracted with a third party consultant to perform the actuarial valuation required by GASB Statement No. 45 as of January 1, 2008, January 1, 2010, January 1, 2012, January 1, 2014 and January 1, 2016. Since GASB Statement No. 45 requires valuations every other year for plan memberships exceeding 200, the actuarial valuations prepared will be utilized for two year periods of 2010 and 2011, 2012 and 2013, 2014 and 2015, and 2016 with the inclusion of the appropriate second year adjustments.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Plan Description: The Parish OPEB Plan is a single employer defined benefit “substantive” plan as understood by the employer and its employees. All of the employees of the Parish primary government and the following discretely presented component units may at their option participate in the employee’s group health, dental and life insurance programs sponsored and administered by the Parish in conjunction with its third party insurance providers and administrative agents. In addition to the option to participate in the group health, dental and life plans during employment, at retirement, employees who have twenty (20) years of cumulative service will be eligible for certain retiree benefits if hired after January 1, 2007. Employees hired prior to January 1, 2007 must have ten (10) years of cumulative service to be eligible for any retiree benefits. The Parish currently offers its retirees the option to elect to participate in the health, dental and life plans. While there is no specific written plan or trust for the Parish OPEB plan alone and therefore no separate annual report is issued, the Parish has reported this plan information based on communications to plan members via the written health plan maintained by the Parish. Any amendments to the general health plan as related to types of benefits offered are required to be approved by Parish management before being distributed to Plan members. Funding Policy: The contribution requirements of the retirees and the participating employers are established in the annual operating budget and may be amended in subsequent years with the approval of Parish management. As stated previously, the required contribution is based on projected “pay-as-you-go” financing requirements. The employer contribution to the OPEB plan for 2016 was \$1,730. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2016 consisted of \$462 per month if under age 65, \$357 per month if subject to Medicare Supplement Part A, or \$250 per month if subject to Medicare Supplements Parts A & B.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and the plan members. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, the actuarial methods and assumptions used include techniques that are designed to reduce

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NOTE 10 - POSTEMPLOYMENT HEALTHCARE PLAN (continued)

the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The projected unit credit actuarial cost method was used for January 1, 2012, January 1, 2014 and January 1, 2016 actuarial valuations. Because the government currently finances OPEB using a “pay-as-you-go” approach, the discount rate is based on the historical and future investment yields that are expected to be used in financing the payment of benefits. The actuarial assumptions for all four valuations included a 4% investment rate of return, compounded annually. Life expectancies for the 2016 actuarial valuation report were based on the RP 2000 Male and Female Tables which is consistent with the 2008, 2010, 2012 and 2014 valuation reports. Turnover rates for both valuation reports were based on the Parish’s historical data and modified based on years of employment.

For the January 1, 2016 actuarial valuations, claim costs were developed for per-65 and post-65 retirees’ costs. Costs were developed based on the current fully insured equivalency rates with costs adjusted for aging since the underlying premium rates are not community rated. This basis was used for the calculation of the present value of total benefits to be paid for retiree coverage. The 2016 actuarial valuation assumed a healthcare cost inflation rate of 10% decreasing to an ultimate rate of 5% in 2023 and beyond. A 1% inflation factor was utilized each year. The 2016 actuarial valuation also assumes that (1) the members’ current marital status and whether spousal coverage is elected will remain unchanged at retirement, (2) female spouses are assumed to be three years younger than male employees are male spouses are assumed to be three years older than female employees, (3) employees electing single coverage as active employees are assumed to continue with single coverage at retirement and employees electing family coverage as active employees are assumed to continue family coverage as retirees and (4) 100% of employees will elect Medicare coverage when they are first eligible. The amortization method for the plan is level dollar with a thirty year open amortization period. The remaining amortization period at January 1, 2016 was twenty-one years.

Annual OPEB Cost and Net OPEB Obligation: The Authority’s annual OPEB cost (expense) was calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. Trend information has been disclosed below for 2016. The ARC was calculated as part of the January 1, 2016 actuarial valuations performed by outside actuary consultants.

Net Post-employment Benefit Obligation. The table below shows the Authority’s annual OPEB obligation for the fiscal years ending December 31:

	<u>2016</u>	<u>2015</u>
Beginning Net OPEB Obligation	\$ 15,078	\$ 11,961
Annual Required Contribution	5,404	2,270
Interest on Net OPEB Obligation	603	478
ARC Adjustment	<u>2,275</u>	<u>369</u>
OPEB Cost	8,282	3,117
Contribution	(1,730)	-
Current Year Retiree Premium	-	-
Change in Net OPEB Obligation	<u>6,552</u>	<u>3,117</u>
Ending Net OPEB Obligation	<u>\$ 21,630</u>	<u>\$ 15,078</u>

The following table shows the Authority’s annual OPEB cost, percentage of the cost contributed, and the net OPEB obligation for last year and this year:

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NOTE 10 - POSTEMPLOYMENT HEALTHCARE PLAN(continued)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
December 31, 2015	\$ 3,117	0.00%	\$ 15,078
December 31, 2016	\$ 8,282	20.89%	\$ 21,630

Funding Status and Funding Progress: The following is a Schedule of Funding Status and Funding Progress for the OPEB Plan as determined by an actuary as of December 31, 2016:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2016	\$ -	\$ 77,421	\$ 77,421	0.00%	\$ 260,182	29.76%
December 31, 2015	\$ -	\$ 73,390	\$ 73,390	0.00%	\$ 224,018	32.76%

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last two fiscal years.

	FY 2016	FY 2015	FY 2014
OPEB Cost	\$ 8,282	\$ 3,117	\$ 9,172
Contribution	(1,730)	-	-
Retiree Premium	-	-	-
Total Contribution and Premium	-	-	-
Change in Net OPEB Obligation	<u>\$ 6,552</u>	<u>\$ 3,117</u>	<u>\$ 9,172</u>
% of Contribution to Cost	20.89%	0.00%	0.00%
% of Contribution Plus Premium to Cost	20.89%	0.00%	0.00%

NOTE 11 – INTERGOVERNMENTAL REVENUE

On January 9, 2015, the Authority entered into a cooperative agreement with the Calcasieu Parish Police Jury to

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2017**

NOTE 11 – INTERGOVERNMENTAL REVENUE (continued)

provide supplemental funding assistance to the Authority from the proceeds of an ad valorem tax known as the Burton Coliseum and Agricultural Services Tax. In the first year of the agreement, the appropriation to the Authority is \$225,000 from its tax. In subsequent years, the Police Jury shall annually appropriate 10% of estimated tax collections of the tax. The appropriation of funds from the tax to the Authority will not exceed 25% of the Authority's gross operating revenue, as determined by the Authority's previous fiscal year audit. Disbursement of funding will occur in February of each year. The agreement is effective for a period of 10 years. The amount of assistance received was \$278,346 for the year ended June 30, 2017.

NOTE 12 – CONSTRUCTION COMMITMENT

The Authority has an active construction commitment as of June 30, 2017, consisting of the expansion of the arena at a total contract of \$1,127,080. The costs incurred total \$1,114,632, which includes \$83,814 in architect's fees on the project, and is 92% complete at June 30, 2017.

NOTE 13 – ECONOMIC DEPENDENCY

The Authority relies on the appropriation from the State of Louisiana from the Hotel Occupancy Tax funds to provide for the payment of bond principal and interest. If the State does not continue to appropriate funds for the Authority, their ability to retire their debt would be significantly affected.

NOTE 14 – BOARD PER DIEM

The members of the governing board received no per diem for the year ended June 30, 2017.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 20, 2017, which is the date the financial statements were available to be issued.

Required Supplemental Information

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Hotel/Motel Sales Taxes	\$ 1,000,000	\$ 1,067,099	\$ 67,099
Intergovernmental Revenues	270,000	278,346	8,346
Interest Income	11,750	35,455	23,705
Facility Revenues	360,000	424,825	64,825
Concessions Revenues	135,000	164,565	29,565
Shavings Revenues	2,500	1,958	(542)
Other Income	<u>3,500</u>	<u>7,594</u>	<u>4,094</u>
Total Revenues	1,782,750	1,979,842	197,092
EXPENDITURES			
Personnel Services	610,388	603,744	6,644
Operating Services	374,005	363,112	10,893
Materials and Supplies	95,950	135,047	(39,097)
Debt Service - Interest	179,956	232,766	(52,810)
Debt Service - Principle	370,000	370,000	-
Capital Outlay	<u>1,300,000</u>	<u>1,283,913</u>	<u>16,087</u>
Total Expenditures	2,930,299	2,988,582	(58,283)
	(1,147,549)	(1,008,740)	138,809
OTHER FINANCING SOURCES (USES)			
Debt Service - 2011 Bonds	<u>-</u>	<u>6,782,887</u>	<u>(6,782,887)</u>
CHANGE IN FUND BALANCE	(1,147,549)	(7,791,627)	(6,644,078)
FUND BALANCE AT BEGINNING OF YEAR	<u>13,244,956</u>	<u>13,244,956</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	\$ <u><u>12,097,407</u></u>	\$ <u><u>5,453,329</u></u>	\$ <u><u>(6,644,078)</u></u>

Other Information

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
OF CALCASIEU PARISH**

**Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2017**

Agency Head Name: Adrian Moreno, Executive Director

Purpose	Amount
Salary	\$121,538
Benefits- Insurance	\$12,451
Benefits- Retirement	\$6,827
Benefits- Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$5,988
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$461
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

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**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed In Accordance
With Governmental Auditing Standards**

To the Board of Directors
West Calcasieu Community Center Authority
Sulphur, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of West Calcasieu Community Center Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise West Calcasieu Community Center Authority's basic financial statements, and have issued our report thereon dated December 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Calcasieu Community Center Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Calcasieu Community Center Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the West Calcasieu Community Center Authority'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. 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 West Calcasieu Community Center Authority'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 statements amounts. However, providing an opinion on

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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 an instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item [2017-1].

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 purpose.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
December 20, 2017

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

SCHEDULE OF FINDINGS

For the Year Ended June 30, 2017

We have audited the financial statements of the West Calcasieu Parish Community Center Authority as of and for the year ended June 30, 2017, and have issued our report thereon dated December 20, 2017. 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. Our audit of the financial statements as of June 30, 2017 resulted in an unmodified opinion.

Section I Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

2017-1 Budgetary Authority and Control

Condition: The Authority's budget for the fiscal year ended June 30, 2017 did not include an other financing use, the debt service on the 2011 Revenue Bonds. Therefore, the actual expenditures and other uses exceeded the total budgeted other uses by 5% or more.

Criteria: The Authority was not in compliance with the Local Government Budget Act, found in LA R.S. 39:1301-1315.

Cause: The debt service on the 2011 Revenue Bonds was not included in the budget for the fiscal year ended June 30, 2017 due to oversight. The Authority had included the debt service on the 2014 Revenue Bonds, of which the proceeds were received in the prior year and were used to refund the 2011 Revenue Bonds.

Effect: The Authority was not in compliance with the Local Government Budget Act, found in LA R.S. 39:1301-1315.

Recommendation: All financing uses and sources should be included in the Authority's budgets.

Section III Federal Award Findings and Questioned Costs

N/A

**WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA**

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2017

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>
Section I - Internal Control and Compliance Material to the Financial Statements:			
2016-1	2016	The Authority did not advertise the availability of the budget in the local newspaper in accordance with R.S. 39:1307	Yes
2016-2	2016	The Authority did not include the agenda of its meetings in the written public notice of the meetings in accordance with R.S. 42:19	Yes

Section II - Management Letter:

There were no prior year management letter comments.

West Calcasieu Parish Community Center Authority

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended June 30, 2017

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>2017-1</u>	2017	The Authority's budget for the fiscal year ended June 30, 2017 did not include an other financing use, the debt service on the 2011 Revenue Bonds. Therefore, the actual expenditures and other uses exceeded the total budgeted other uses by 5% or more.	Yes	The Authority will ensure all subsequent budgets will include all financing uses and sources.	Adrian Moreno, Executive Director	6/30/2018

This schedule has been prepared by management.

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
Sulphur, Louisiana

Statewide Agreed-Upon Procedures Report

June 30, 2017

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To the Board of Directors
West Calcasieu Parish Community Center Authority
Sulphur, Louisiana

We have performed the procedures enumerated below, which were agreed to by West Calcasieu Community Center Authority 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, 2016 through June 30, 2017. 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 with 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
The Authority currently has no policies and procedures to address the budgeting function.
 - 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.
The Authority currently has no policies and procedures to address the purchasing function.
 - c) ***Disbursements***, including processing, reviewing, and approving
The Authority currently has no policies and procedures to address the disbursements function.
 - d) ***Receipts***, including receiving, recording, and preparing deposits
The Authority currently has no policies and procedures to address the receipts function.

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

The Authority currently has no policies and procedures to address the payroll/personnel function.

- 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

The Authority currently has no policies and procedures to address the contracting function.

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

The Authority currently has no policies and procedures to address the credit card function.

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

The Authority currently has no policies and procedures to address the travel and expense reimbursement function.

- 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. Note: Ethics requirements are not applicable to nonprofits.

The Authority currently has no policies and procedures to address the ethics function.

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

The Authority currently has no policies and procedures to address the debt service function.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Authority's Board of Directors met at least monthly throughout the fiscal year.

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

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The Authority's minutes reference the monthly budget to actual comparisons throughout the fiscal year.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The Authority's minutes include approval of contracts and disbursements in at least one (1) meeting during the fiscal year.

Bank Reconciliations

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

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal year noting that bank reconciliations have been prepared.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Two (2) bank reconciliations included written evidence that a member of management or a board member reviewed each bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

There were no reconciling items that have been outstanding for more than (6) six months as of the end of the fiscal year.

Collections

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

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

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

In the one location, the person responsible for collecting cash is not bonded. In this location the person responsible for collecting cash can also deposit the cash in the bank, record the related transactions and reconcile the related bank accounts.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections

to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Authority has no formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.

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

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

In the one (1) location, a total of fourteen (14) deposits were made within one (1) day of collection. Six (6) deposits were made within two (2) days, and one (1) deposit was made within (5) days of collection. The reason the collections were not deposited timely was because collections either involved credit card payments or other third party payments which the Authority has no control.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections are supported by collection documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Authority does not have a process specifically defined to determine completeness of all collections by a person who is not responsible for cash collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Examined supporting documentation for each of the twenty five (25) disbursements selected and found that all purchases were initiated using a purchase requisition form.

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

Examined purchase requisitions which were approved by a person who can initiate purchases.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the twenty five (25) disbursements and found all payments were processed with an approved requisition and approved invoice; however, receiving reports were not present in the supporting documentation for any of the disbursements. Receiving reports are not required as a matter of policy.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The person responsible for processing payments can also add vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The person with signatory authority also can initiate and record purchases.

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

Inquiry and observation noted no exceptions.

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

Not applicable.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained a listing of all active credit cards, bank debit cards and fuel cards including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing is complete.

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

The listing was obtained and selected all nine (9) cards.

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

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

Monthly statements were obtained; supporting documentation was reviewed and approved, in writing, but not by someone other than the authorized card holder.

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

A late fee was noted on one (1) of the monthly statements selected for testing.

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

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

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

No exceptions noted.

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

The Authority does not include documentation of the business/public purpose on each transaction.

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

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

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

Obtained the general ledger which would list all travel and expense reimbursements and management's representation that the general ledger is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Authority does not have written policies related to travel and expense reimbursements.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The Authority did not have travel and related expense reimbursements during the fiscal period; therefore, this is not applicable.

- b) Report whether each expense is supported by:

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

The Authority did not have travel and related expense reimbursements during the fiscal period; therefore, this is not applicable.

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

The Authority did not have travel and related expense reimbursements during the fiscal period; therefore, this is not applicable.

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

The Authority did not have travel and related expense reimbursements during the fiscal period; therefore, this is not applicable.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Authority did not have travel and related expense reimbursements during the fiscal period; therefore, this is not applicable.

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

The Authority did not have travel and related expense reimbursements during the fiscal period; therefore, this is not applicable.

Contracts

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

Obtained the general ledger which listed all contract payments and management's representation that the general ledger is complete.

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

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

No exceptions noted.

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

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

Of the vendors selected subject to Louisiana Public Bid Law, the Authority complied with all legal requirements.

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

Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No amendments noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

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

Not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Obtained the listing of employees with their related salaries and obtained management's representation the listing is complete.

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

It could not be determined if four (4) of the employees' compensation was made in strict accordance with the terms and conditions of the pay rate structure as the Authority does not have a formal written pay rate structure. One (1) employee's compensation selected for testing was made in accordance with the employment contract.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Obtained a list of employees that terminated during the fiscal year and management's representation that the list is complete. The Authority made no termination payments to the employees.

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

No exceptions noted.

Ethics (excluding nonprofits)

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

None of the employees of the Authority completed the required ethics training.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Based upon inquiries of management, no allegations were received during the fiscal year.

Debt Service (excluding nonprofits)

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

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Authority made the scheduled debt service payments and maintained debt reserves as required by the bond agreement.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the Authority had no misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The required notice is not posted on the Authority's premises or on its website. Subsequent to discussions with management, the Authority will post the required notice on its premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

Management has reviewed and noted the exceptions above to the agreed upon procedures and will take steps necessary to implement procedures that are appropriate for the Authority.

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.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
December 20, 2017