

**ST. MARY PARISH
TOURIST COMMISSION**
St. Mary Parish, Louisiana

Financial Report

Year Ended September 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
St. Mary Parish Tourist Commission
St. Mary Parish, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Mary Parish Tourist Commission (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2018, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 15 to the financial statements, the prior financial statements have been restated to correct an error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 28-30 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of the Commission's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards on pages 32-33 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019, on our consideration of the Commission'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 29, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Statement of Net Position
September 30, 2018

	Governmental Activities
ASSETS	
Cash and interest-bearing deposits	\$ 572,394
Investments	832,798
Receivables	1,883
Due from other governmental units	144,659
Prepaid expenses	15,179
Capital assets:	
Land and construction in progress	197,713
Other, net of accumulated depreciation	5,686,799
 TOTAL ASSETS	 7,451,425
LIABILITIES	
Accounts, salaries, and other payables	89,566
Long term liabilities:	
Due within one year	215,000
Due in more than one year	220,000
 TOTAL LIABILITIES	 524,566
NET POSITION	
Net investment in capital assets	5,628,630
Restricted for:	
Economic development and tourism	634,575
Unrestricted	663,654
 TOTAL NET POSITION	 \$ 6,926,859

The accompanying notes are an integral part of the financial statements.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Statement of Activities
Year Ended September 30, 2018

Activities	Expenses	Fees, Commissions, and Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contribution	Net (Expense) Revenues and Changes in Net Position
Governmental activities:					
Culture and tourism	\$ 853,294	\$ 26,509	\$ 370,646	\$ 1,114,925	\$ 658,786
Interest on debt	<u>11,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,761)</u>
Total governmental activities	<u>\$ 865,055</u>	<u>\$ 26,509</u>	<u>\$ 370,646</u>	<u>\$ 1,114,925</u>	<u>647,025</u>
General revenues:					
Hotel-motel tax					499,073
Interest and investment earnings					<u>13,803</u>
Total general revenues					<u>512,876</u>
Change in net position					1,159,901
Net position - October 1, 2017, as restated					<u>5,766,958</u>
Net position - September 30, 2018					<u>\$ 6,926,859</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Balance Sheet
Governmental Funds
September 30, 2018

	General	Tourism and Economic Growth	Economic Development Bonds, Sinking	Economic Development Bonds, Project	Total Governmental Funds
ASSETS					
Assets:					
Cash and interest bearing deposits	\$ 69,623	\$ 471,695	\$ 3,354	\$ 27,722	\$ 572,394
Investments	662,186	170,605	-	7	832,798
Receivables	1,883	-	-	-	1,883
Due from other governments	84,682	-	-	59,977	144,659
Total assets	\$ 818,374	\$ 642,300	\$ 3,354	\$ 87,706	\$ 1,551,734
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,956	\$ 7,725	\$ -	\$ 64,214	\$ 84,895
Deferred inflows of resources:					
Unavailable resources	-	-	-	58,493	58,493
Fund balances:					
Restricted	-	634,575	3,354	-	637,929
Unassigned	805,418	-	-	(35,001)	770,417
Total fund balances (deficit)	805,418	634,575	3,354	(35,001)	1,408,346
Total liabilities, deferred inflows of resources, and fund balances	\$ 818,374	\$ 642,300	\$ 3,354	\$ 87,706	\$ 1,551,734

(continued)

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Balance Sheet (continued)
Governmental Funds
September 30, 2018

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

Total fund balances for governmental funds at September 30, 2018	\$ 1,408,346
Total net position reported for governmental activities in the statement of net position is different because:	
Cost of capital assets, net of accumulated depreciation	5,884,512
Receivables from grants that are not available to pay for current year expenditures are deferred in the fund financial statements.	58,493
Prepaid expenses	15,179
Bonds payable	(435,000)
Accrued interest payable	<u>(4,671)</u>
Net position at September 30, 2018	<u>\$ 6,926,859</u>

The accompanying notes are an integral part of the financial statements.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2018

	General	Tourism and Economic Growth	Economic Development Bonds, Sinking	Economic Development Bonds, Project	Total Governmental Funds
Revenues:					
Local sources-					
Advertising and promotion	\$ 14,053	\$ -	\$ -	\$ -	\$ 14,053
Expeditions and tours	11,836	-	-	-	11,836
Hotel/Motel tax	499,073	-	-	-	499,073
Intergovernmental	24,472	413,839	-	988,767	1,427,078
Interest income	11,050	2,753	-	-	13,803
Miscellaneous income	620	-	-	-	620
Total revenues	<u>561,104</u>	<u>416,592</u>	<u>-</u>	<u>988,767</u>	<u>1,966,463</u>
Expenditures:					
Current -					
Culture and tourism					
Advertising and promotion	200,632	66,697	-	-	267,329
Professional fees	15,160	-	350	-	15,510
Office expense	91,973	-	-	-	91,973
Repairs and maintenance	47,892	-	-	2,460	50,352
Salaries and related benefits	249,636	-	-	-	249,636
Travel and conventions	18,660	-	-	-	18,660
Utilities	23,468	-	-	-	23,468
Capital outlay	7,684	62,550	-	1,174,061	1,244,295
Debt service -					
Principal and interest	-	-	213,910	-	213,910
Total expenditures	<u>655,105</u>	<u>129,247</u>	<u>214,260</u>	<u>1,176,521</u>	<u>2,175,133</u>
Excess (deficiency) of revenues over expenditures	<u>(94,001)</u>	<u>287,345</u>	<u>(214,260)</u>	<u>(187,754)</u>	<u>(208,670)</u>
Other financing sources (uses):					
Transfers in	-	-	213,910	152,640	366,550
Transfers out	-	(366,550)	-	-	(366,550)
Total other financing sources (uses)	<u>-</u>	<u>(366,550)</u>	<u>213,910</u>	<u>152,640</u>	<u>-</u>
Net change in fund balances	(94,001)	(79,205)	(350)	(35,114)	(208,670)
Fund balances, beginning, as restated	<u>899,419</u>	<u>713,780</u>	<u>3,704</u>	<u>113</u>	<u>1,617,016</u>
Fund balances (deficit), ending	<u>\$ 805,418</u>	<u>\$ 634,575</u>	<u>\$ 3,354</u>	<u>\$ (35,001)</u>	<u>\$ 1,408,346</u>

(continued)

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2018

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

Total net changes in fund balance for the year ended September 30, 2018 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$ (208,670)

The change in net position reported for governmental activities in the
statement of activities is different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	58,493
Capital outlay	1,244,295
Depreciation expense	(144,017)
Principal payment	200,000
Change in accrued interest	2,149
Change in prepaid expense	<u>7,651</u>
Total changes in net position for the year ended September 30, 2018 per Statement of Activities	<u>\$ 1,159,901</u>

The accompanying notes are an integral part of the financial statements.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The St. Mary Parish Tourist Commission (the Commission) was created and established on October 23, 1991 by Ordinance 1151 of the St. Mary Parish Council under authority of Act 19 of the Louisiana Legislature of 1975, to be effective February 1, 1992. The Commission is comprised of nine directors, appointed by the St. Mary Parish Council for terms of three years, with three appointments expiring each year, and who serve without compensation. The Commission was formed for the purpose of promoting tourism within the Parish of St. Mary. The Commission has the authority to sue and be sued, to accept grants or donations of every type, to make capital improvements for the purpose of obtaining federal funds, to do all things necessary for promotion, advertisement and publication of information relating to tourist attractions within its jurisdiction. Act 19 as amended, authorized the governing authority of St. Mary Parish to levy and collect a tax not to exceed 4% of the rent or fee for the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the jurisdiction of the Commission to fund the operations of the Commission.

The accounting and reporting policies of the Commission conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for the St. Mary Parish. The Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The St. Mary Parish Council appoints a voting majority of the Commission's governing body and can impose its will on the Commission. Based on criterion applied, the Commission is a component unit of the Parish of St. Mary. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the St. Mary Parish Council, the general government services provided by the Council, or the other governmental units that comprise the financial reporting entity for St. Mary Parish, Louisiana.

The Commission has no entities or organizations that are required to be included in its financial report as defined by Government Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, as amended.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the Commission. The effect of interfund activity has been removed from these statements. Both the government-wide and the fund financial statement categorize primary activities as governmental.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. These statements include all the financial activities of the Commission. Information contained in these statements 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*.

The Statement of Activities presents a comparison between direct expenses and program revenues for the Commission'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 Commission, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Commission uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Commission functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Commission or its total assets, liabilities, revenues or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The general fund, special revenue fund, capital project fund, and debt service fund of the Commission are considered to be major funds. The funds of the Commission are described below:

Governmental Funds –

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Commission:

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

General Fund

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Tourism and Economic Growth Special Revenue Fund

The Fund is used to account for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified by law.

Economic Development Bonds, Debt Service Sinking Fund

The Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Economic Development Bonds, Capital Projects Fund

The Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Hotel/Motel occupancy taxes are recognized in the year when the underlying exchange takes place. Grants and similar items are recognized as revenues in the year for which they are earned.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 as soon enough thereafter to pay liabilities for the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Hotel/Motel tax revenue is recognized both when the underlying exchange takes place and in the accounting period in which the revenue becomes susceptible to accrual, when it is measurable and available. Interest income is recorded when received by the Commission.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

D. Capital Assets

All capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	10-40 years
Improvements other than buildings	10-30 years
Furniture and fixtures	5-12 years
Equipment	5-12 years

E. Interfund Transfers

Permanent allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between governmental funds have been eliminated.

F. Vacation and Sick Leave

It is the policy of the Commission to allow full-time employees no more than five unused vacation days to be carried over to the following calendar year or to be paid in full at the end of that calendar year. At September 30, 2018 unrecorded liability for accumulated vacations is not material. Upon termination, an employee will be paid for any unused accumulated vacation leave. The Commission allows employees to accumulate earned but unused sick leave benefits. Sick leave is not payable at termination of employment.

G. Interest-Bearing Deposits

Interest bearing deposits include demand deposits, money market accounts and time deposits, which are stated at cost.

H. Investments

Under state law, the Commission may invest in Louisiana Asset Management Pool (LAMP), United States bonds, treasury notes, or certificates. Investments are stated at cost.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

I. Equity Classifications

Government-wide financial statements

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

1. 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, certificates of indebtedness, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund financial statements

Fund balance for the Commission's governmental funds is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the Commission. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.
4. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Commission's policy, only the Board of Commissioners may assign amounts for specific purposes.
5. Unassigned - amounts that are available for any purpose.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

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

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

(2) Cash and Interest-bearing Deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. September 30, 2018, the Commission has cash and interest-bearing deposits (book balances) totaling \$572,394 as follows:

Cash on hand	\$ 100
Demand deposits	532,875
Interest-bearing deposits	<u>39,419</u>
Total	<u>\$ 572,394</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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2018, deposit balances (bank balances) totaling \$589,811 are secured as follows:

Federal deposit insurance	\$ 289,419
Pledged securities	<u>300,392</u>
Total	<u>\$ 589,811</u>

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2018, deposits in the amount of \$300,392 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the Commission's name.

(3) Investments

Investments held at September 30, 2018 consist of \$832,798 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments 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.

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

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments 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 with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments 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 regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

Fair Value Measurements

To the extent available, the Commission's investments are recorded at fair value as of September 30, 2018. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Commission measures and records its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1 – quoted prices for identical investments in active markets
- Level 2 – observable inputs other than quoted market prices
- Level 3 – unobservable inputs

The Commission's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

(4) Due from Other Governmental Units

Hotel/Motel tax revenues and receivables are recognized when the underlying exchange (room rental) takes place. Receivables due from other governments at September 30, 2018 were recognized by the following governmental funds:

General Fund:	
Due from St. Mary Parish Sales and Use Tax Dept	\$ 84,682
Due from State of Louisiana (DOTD)	<u>59,977</u>
Total Due from Other Governmental Units	<u><u>\$ 144,659</u></u>

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(5) Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2018 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 135,163	\$ -	\$ -	\$ 135,163
Construction in progress	<u>24,292</u>	<u>62,550</u>	<u>(24,292)</u>	<u>62,550</u>
Total not being depreciated	<u>159,455</u>	<u>62,550</u>	<u>(24,292)</u>	<u>197,713</u>
Capital assets being depreciated:				
Buildings	5,003,217	1,206,037	(3,000)	6,212,254
Improvements other than buildings	172,628	-	-	172,628
Furniture and office equipment	97,308	-	-	97,308
Exhibits and kiosks	<u>19,809</u>	<u>-</u>	<u>-</u>	<u>19,809</u>
Total being depreciated	<u>5,292,962</u>	<u>1,206,037</u>	<u>(3,000)</u>	<u>6,501,999</u>
Less accumulated depreciation:				
Buildings	(541,436)	(127,149)	3,000	(671,585)
Improvements other than buildings	(55,079)	(7,768)	-	(62,847)
Furniture and office equipment	(61,764)	(8,108)	-	(69,872)
Exhibits and kiosks	<u>(9,904)</u>	<u>(992)</u>	<u>-</u>	<u>(10,896)</u>
Total accumulated depreciation	<u>(668,183)</u>	<u>(144,017)</u>	<u>3,000</u>	<u>(815,200)</u>
Capital assets, net	<u>\$ 4,784,234</u>	<u>\$ 1,124,570</u>	<u>\$ (24,292)</u>	<u>\$ 5,884,512</u>

Depreciation expense in the amount of \$144,017 was charged to culture and tourism.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(6) Interfund Activity

	Transfers in	Transfers out
Tourism and Economic Growth Fund	\$ -	\$ 366,550
Economic Development Bonds, Sinking Fund	213,910	-
Economic Development Bonds, Project	152,640	-
Total	\$ 366,550	\$ 366,550

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(7) Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The Commission has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. There were no significant changes in coverages, retentions, or limits during the year ended September 30, 2018. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

(8) Retirement Plan

All Commission employees are covered under the Federal Insurance Contribution Act (Social Security). In addition, qualified employees also belong to a SEP/IRA Retirement Plan. The Commission contributed 10% of the gross wages of each qualified employee to their individual SEP/IRA Retirement Plan account for the year ended September 30, 2018. The Commission's contributions to the above plans totaled approximately \$13,749, \$11,891, and \$10,353 for the years ended September 30, 2018, 2017, and 2016, respectively. There were no unfunded contributions at year-end.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(9) Long-Term Debt

The following is a summary of long-term liability transactions of the Commission for the year ended:

	<u>10/1/2017</u>	<u>Additions</u>	<u>Payments</u>	<u>9/30/2018</u>	<u>One Year</u>
Economic development bonds-					
Series 2004	\$ 430,000	\$ -	\$ 135,000	\$ 295,000	\$ 145,000
Series 2009	<u>205,000</u>	<u>-</u>	<u>65,000</u>	<u>140,000</u>	<u>70,000</u>
Total economic development bonds	<u>\$ 635,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 435,000</u>	<u>\$ 215,000</u>

The Commission issued \$1,700,000 Economic Development Bonds, Series 2004, during November 2004. The bonds were issued for the purpose of (i) constructing, equipping and furnishing a new welcome center; (ii) constructing the Atchafalaya Golf Course at Idlewild; and (iii) paying the costs of issuance of the bonds. Bond principal matures in varying annual amounts from 2006 to 2020; interest is payable on a semi-annual basis at interest rates varying from 2.70% to 4.6% per annum. Those bonds maturing on or after November 1, 2012 are callable for redemption in full, or in part, any time after November 1, 2011. The bonds are secured by and payable from a pledge and dedication of the excess annual revenues of the Commission.

The Commission also issued \$600,000 Economic Development Bonds, Series 2009, during October 2009. The bonds were issued for the purpose of the costs of constructing, equipping and furnishing a new welcome center. Bond principal matures in varying annual amounts from 2009 to 2019; interest is payable on a semi-annual basis at an interest rate of 3.72% per annum. Those bonds maturing on November 1, 2013, and thereafter, are callable for redemption in full, or in part, any time on or after November 1, 2012. The bonds are secured by and payable from a pledge and dedication of the excess annual revenues of the Commission.

The Commission sought and was granted a reduction of the interest rate on the callable maturities of its \$1,700,000 Economic Development Bonds, Series 2004 and its \$600,000 Economic Development Bonds, Series 2009. The change reduced the interest rates to 2.6% for both bonds.

Debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	215,000	8,515	223,515
2020	<u>220,000</u>	<u>2,860</u>	<u>222,860</u>
Totals	<u>\$ 435,000</u>	<u>\$ 11,375</u>	<u>\$ 446,375</u>

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(10) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented as follows:

	<u>General</u>	<u>Tourism and Economic Growth</u>	<u>Economic Development Bonds, Sinking</u>	<u>Economic Development Bonds, Project</u>	<u>Total</u>
Restricted for -					
Culture and tourism	-	634,575	-	-	634,575
Debt service	-	-	3,354	-	3,354
	<u>-</u>	<u>634,575</u>	<u>3,354</u>	<u>-</u>	<u>637,929</u>
Unassigned	805,418	-	-	(35,001)	770,417
Total fund balances	<u>\$ 805,418</u>	<u>\$ 634,575</u>	<u>\$ 3,354</u>	<u>\$ (35,001)</u>	<u>\$ 1,408,346</u>

Fund Deficits

The Economic Development Bonds Project Fund reported a deficit fund balance at September 30, 2018 in the amount of \$35,001. The deficit results from the measurable and available limitations on revenue recognition under the modified accrual basis of accounting and will self-correct in subsequent periods.

(11) State Appropriated Monies

As provided by the Louisiana Revised Statute 47:302.44 and 47:301(14) (a), the Louisiana State Treasury has created the St. Mary Parish Visitor Enterprise Fund. This fund shall be funded from the excess of sales taxes generated from the hotel/motel industry after all bond obligations of the State have been paid.

The monies in the St. Mary Parish Visitor Enterprise Fund shall be subject to an annual appropriation by the legislature and shall be available exclusively for use by the Commission to fund the development of tourism and other economic growth projects within the parish of St. Mary. All unexpended and unencumbered monies in the fund shall remain in the fund. The monies in the fund shall be invested by the state treasurer in the same manner as the monies in the State of Louisiana general fund, and all interest earned shall be deposited into the state general fund.

For the state fiscal year June 30, 2017, the legislature approved appropriations to the Commission for the St. Mary Parish Visitor Enterprise Fund and other appropriations related to tourism in St. Mary Parish. As of the fiscal year ended September 30, 2018, the Commission received \$346,174 from the State of Louisiana related to these appropriations. The Board of Commissioners has developed guidelines to administer the spending of these funds by the Commission in accordance with the restricted purposes as specified by law. The Commission is accounting for these funds in a special revenue fund.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(12) Compensation of Board Members

Board members during the year ended September 30, 2018 served without compensation and are as follows:

Kimberly Walden, Chairman
Sandra Marshall, Vice Chairman
Herman Hartman, Secretary
Nelson Cortez, Treasurer
Cherise Picard
Dwight Smith
Albert Kuhlman
Bob Harrison
Phyllis Glover
Donovan Garcia
Danny Donham

(13) Compensation and Other Payments to Executive Director

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Expenses paid to Carrie Stansbury, Executive Director, for the year ended September 30, 2018, are as follows:

Salary	\$	53,813
Benefits-insurance		8,466
Benefits-retirement		5,125
Benefits-AFLAC		544
Car allowance		4,200
Cell phone and data		840
Reimbursements		174
Total	\$	<u>73,162</u>

(14) Related Party Transactions

During the year ended September 30, 2018, the Commission received intergovernmental grants from St. Mary Parish Government to fund certain parish-wide tourism related projects and the Louisiana Office of Tourism for the placement of qualifying advertisements in eligible media outlets. These grants are reported as intergovernmental revenues as follows:

Tourism and Economic Growth Fund	\$	<u>67,665</u>
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ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(15) Prior Period Adjustment

During the year ended September 30, 2017, the Commission received funds from the State of Louisiana, in error. Accordingly, these funds were remitted to the State during the fiscal year ended September 30, 2018. Therefore, a restatement net position and fund balance required as follows:

	As Previously Reported	Adjustments	As Restated
Governmental Activities	<u>\$ 5,786,511</u>	<u>\$ (19,553)</u>	<u>\$ 5,766,958</u>
Governmental Funds			
Tourism and Economic Growth	<u>\$ 733,333</u>	<u>\$ (19,553)</u>	<u>\$ 713,780</u>

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH TOURIST COMMISSION

St. Mary Parish, Louisiana

Budgetary Comparison Schedule

General Fund

Year Ended September 30, 2018

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Local Sources-				
Advertising and promotion	\$ 13,632	\$ 14,053	\$ 14,053	\$ -
Expeditions and tours	11,836	11,836	11,836	-
Hotel/Motel tax	480,000	495,600	499,073	3,473
Intergovernmental	24,472	24,472	24,472	-
Interest income	5,200	11,032	11,050	18
Miscellaneous income	<u>33,369</u>	<u>22,895</u>	<u>620</u>	<u>(22,275)</u>
Total revenues	<u>568,509</u>	<u>579,888</u>	<u>561,104</u>	<u>(18,784)</u>
Expenditures:				
Current -				
Culture and tourism				
Advertising and promotion	208,518	207,005	200,632	6,373
Professional fees	15,470	15,160	15,160	-
Office expense	86,630	90,950	91,973	(1,023)
Repairs and maintenance	59,467	54,000	47,892	6,108
Salaries and related benefits	296,649	251,649	249,636	2,013
Travel and conventions	21,200	19,103	18,660	443
Utilities	29,528	23,418	23,468	(50)
Capital outlay	<u>25,000</u>	<u>-</u>	<u>7,684</u>	<u>(7,684)</u>
Total expenditures	<u>742,462</u>	<u>661,285</u>	<u>655,105</u>	<u>6,180</u>
Net change in fund balances	(173,953)	(81,397)	(94,001)	(12,604)
Fund balance, beginning	<u>899,419</u>	<u>899,419</u>	<u>899,419</u>	<u>-</u>
Fund balance, ending	<u>\$ 725,466</u>	<u>\$ 818,022</u>	<u>\$ 805,418</u>	<u>\$ (12,604)</u>

See accompanying notes to Budgetary Comparison Schedules

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Budgetary Comparison Schedule
Tourism and Economic Growth Fund
Year Ended September 30, 2018

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Local Sources-				
Intergovernmental	\$ 357,665	\$ 418,312	\$ 413,839	\$ (4,473)
Interest income	<u>700</u>	<u>2,755</u>	<u>2,753</u>	<u>(2)</u>
Total revenues	<u>358,365</u>	<u>421,067</u>	<u>416,592</u>	<u>(4,475)</u>
Expenditures:				
Current -				
Culture and tourism				
Advertising and promotion	307,063	174,380	66,697	107,683
Capital outlay	<u>-</u>	<u>-</u>	<u>62,550</u>	<u>(62,550)</u>
Total expenditures	<u>307,063</u>	<u>174,380</u>	<u>129,247</u>	<u>45,133</u>
Excess of revenues over expenditures:	<u>51,302</u>	<u>246,687</u>	<u>287,345</u>	<u>40,658</u>
Other financing uses:				
Transfers out	<u>(395,008)</u>	<u>(366,685)</u>	<u>(366,550)</u>	<u>135</u>
Net change in fund balances	(343,706)	(119,998)	(79,205)	40,793
Fund balance, beginning, as restated	<u>713,780</u>	<u>713,780</u>	<u>713,780</u>	<u>-</u>
Fund balance, ending	<u>\$ 370,074</u>	<u>\$ 593,782</u>	<u>\$ 634,575</u>	<u>\$ 40,793</u>

See accompanying notes to Budgetary Comparison Schedules

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Budgetary Comparison Schedules

(1) Basis of Accounting

The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Commission.

(2) Budgets and Budgetary Accounting

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Executive Director of the Commission prepares a proposed budget for the general and special revenue funds and submits them to the board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. The Commission approves and adopts total budget revenue and expenditures only. The Commission transfers budget amounts between expenditure classifications within the General and Special Revenue Funds.
5. All budgetary appropriations lapse at the end of each fiscal year.

OTHER SUPPLEMENTARY INFORMATION

ST. MARY PARISH TOURIST COMMISSION
 St. Mary Parish, Louisiana

Schedule of Expenditures of Federal Awards
 Year Ended September 30, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Pass-Through/ Entity Identifying Number	Passed Through to Subrecipients	Expenditures
United States Department of Transportation				
Passed through Louisiana Department of Transportation and Development				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	H.002901	\$ -	<u>\$ 1,047,260</u>

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Notes to Schedule of Federal Awards
Year Ended September 30, 2018

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the St. Mary Parish Tourist Commission (Commission). The Commission's reporting entity is defined in Note 1 to the financial statements for the year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through identifying numbers are presented where available. The Commission has not elected to use the 10 percent de minimis indirect cost.

(3) Subrecipients

The Commission provided no federal awards to subrecipients.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

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

Members of the Board of Commissioners
St. Mary Parish Tourist Commission
St. Mary Parish, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the St. Mary Parish Tourist Commission (the Commission), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated March 29, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses which are described in the accompanying schedule of audit results and findings as items 2018-001 and 2018-002.

Compliance and Other Matters

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

Commission's Response to Findings

The Commission's responses to the findings identified in our audit are included in the accompanying corrective action plan for current audit findings. The Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

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 Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 29, 2019

KOLDER, SLAVEN & COMPANY, LLC

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

Members of the Board of Commissioners
St. Mary Parish Tourist Commission
St. Mary Parish, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of the St. Mary Parish Tourist Commission (the Commission), a component unit of the Parish of St. Mary, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on the Commission's major federal program for the year ended September 30, 2018. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 29, 2019

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Part I. Summary of Auditor's Results:

Financial Statements

1. Type of auditor's report issued on financial statements:

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Major funds:	
General	Unmodified
Tourist and Economic Development	Unmodified
Economic Development Bonds, Sinking	Unmodified
Economic Development Bonds, Project	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	✓ <u> </u> yes	<u> </u> no	
Significant deficiency(ies) identified?	<u> </u> yes	<u> </u> ✓	none reported

3. Noncompliance material to the financial statements?

	<u> </u> yes	<u> </u> ✓	no
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Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> yes	<u> </u> ✓	no
Significant deficiency(ies) identified?	<u> </u> yes	<u> </u> ✓	none reported

5. Major programs and type of auditor's report issued:

CFDA Number	Federal Agency and Name of Major Program	Type of Opinion
	<u>United States Department of Transportation and Development</u> <i>Highway Planning and Construction Cluster</i>	
20.205	Highway Planning and Construction (Federal-Aid Highway Program)	Unmodified

6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)?

	<u> </u> yes	<u> </u> ✓	no
--	-------------------	-----------------	----

7. Threshold for distinguishing type A and B programs?

\$ 750,000

8. Qualified as a low-risk auditee?

	<u> </u> yes	<u> </u> ✓	no
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Other

9. Management letter issued?

	<u> </u> ✓	<u> </u> yes	<u> </u> no
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ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2018

Part II. Findings required to be reported in accordance with *Government Auditing Standards*:

A. Internal Control

2018-001 – Inadequate Segregation of Duties

Fiscal year finding initially occurred: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Commission’s internal control over financial reporting includes those policies and procedures that pertain to the Commission’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

VIEWS OF RESPONSIBLE OFFICIALS: See corrective action plan for current year findings.

ST. MARY PARISH TOURIST COMMISSION
St. Mary Parish, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2018

2018-002 – Financial Reporting

Fiscal year finding initially occurred: September 30, 2012

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CRITERIA: An entity's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

VIEWS OF RESPONSIBLE OFFICIALS: See corrective action plan for current year findings.

B. Compliance -

No findings are reported under this section.

Part III: Findings and questioned costs for federal awards reported in accordance with the Uniform Guidance:

No findings are reported under this section.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

APPENDIX A



St. Mary Parish Tourist Commission
St. Mary Parish, Louisiana
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2018

Findings reported in accordance with *Government Auditing Standards*:

Internal Control –

2017-001 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: This finding has not been corrected.

2017-002 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CURRENT STATUS: This finding has not been corrected.

Compliance –

There were no prior year findings reported under this section.

Findings for federal awards defined in the Uniform Guidance:

This section was not applicable.

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CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX B



March 29, 2019

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

The following is in response to the findings resulting from the St. Mary Parish Tourist Commission's audit for the fiscal year ended September 30, 2018:

2018-001 Inadequate Segregation of Duties

Accounting and financial functions are not adequately segregated.

Management's Response

Corrective Action Plan: Due to the size of the operation and cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Name of contact person responsible for corrective action: As described above, corrective action is not considered necessary.

Anticipated completion date for the corrective action: As described above, corrective action is not considered necessary.

2018-002 Financial Reporting

Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

Management's Response

Corrective Action Plan: The financial reporting process will continue to be outsourced to the Commission's external auditor due to the increased costs necessary to correct the condition.

Name of contact person responsible for corrective action: As described above, corrective action is not considered necessary.

Anticipated completion date for the corrective action: As described above, corrective action is not considered necessary.

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Sincerely,

Carrie Stansbury, Executive Director

KOLDER, SLAVEN & COMPANY, LLC

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MANAGEMENT LETTER

To the Board of Commissioners
St. Mary Parish Tourist Commission
St. Mary Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Mary Parish Tourist Commission (hereinafter "Commission"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2018 and have issued our report thereon dated March 29, 2019.

In planning and performing our audit of the financial statements of the Commission, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control or on its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. Accordingly, we do not express an opinion on the effectiveness of the Commission, Inc.'s internal control or on compliance.

During our audit we noted a certain matter involving internal control or compliance that is summarized below for your consideration. This comment and the related recommendation is intended to improve the Commission's internal control and/or its compliance with laws, regulations, contracts, and grant agreements and other matters. Our comment is not intended to reflect upon the ability or integrity of the Commission's personnel.

2018-ML-1 Written Policies and Procedures Related to Federal Awards

The requirements of 2 CFR 200, Subpart D – Post Federal Award Requirements and Subpart E- Cost Principles of Uniform Guidance require specific written policies and procedures. The Commission's written policies and procedures does not include all written policies and procedures required by Uniform Guidance.

We recommend that the Commission implement written policies and procedures as required by Uniform Guidance.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not identify all weaknesses in policies and procedures or incidents of noncompliance that may exist. We aim, however, to use our knowledge of the Commission's operations gained during our work to make comments and suggestions that we hope will be useful to you.

This report is intended solely for the information and use of the Commission's management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

St. Mary Parish Tourist Commission
Management Letter

We would like to express our appreciation to you and your staff for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need additional assistance, please feel free to contact us.

KOLDER, SLAVEN & COMPANY, LLC
Certified Public Accountants



March 29, 2019

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

The following is in response to the Management Letter comment of the St. Mary Parish Tourist Commission's audit for the fiscal year ended September 30, 2018:

2018 ML-1 Written Policies and Procedures Related to Federal Awards

The requirements of 2 CFR 200, Subpart D – Post Federal Award Requirements and Subpart E- Cost Principles of Uniform Guidance require specific written policies and procedures. The St. Mary Parish Tourist Commission's written policies and procedures do not include all written policies and procedures required by Uniform Guidance.

Management's Response

Corrective Action Plan: Management will develop written policies and procedures in accordance with Uniform Guidance.

Name of contact person responsible for correction: Carrie Stansbury

Anticipated completion date for corrective action: June 30, 2019

Sincerely,

Carrie Stansbury, Executive Director

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ST. MARY PARISH TOURIST COMMISSION

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2017 through September 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

To the Board of Commissioners
St. Mary Parish Tourist Commission
St. Mary Parish, Louisiana

We have performed the procedures enumerated below, which were agreed to by the St. Mary Parish Tourist Commission (hereinafter "Commission") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018, as required by the *Louisiana Governmental Audit Guide*. The Commission's management is responsible for those control and compliance 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 provisions of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

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

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

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

- 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.

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

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

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

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

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

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

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

- 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.

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

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

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

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

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

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

Written policies and procedures were obtained but do not specifically address any of the functions noted above.

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

Written policies and procedures were obtained but do not specifically address any of the functions noted above.

Board or Finance Committee

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent documents.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

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

Obtained a listing of client bank accounts from management, which identified the Commission’s main operating account, and management’s representation that the listing is complete. Selected the Commission’s main operating account and the three (3) remaining accounts which are a part of the Commission’s daily business operations.

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

No exceptions noted.

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

No exceptions noted.

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

Two of the four accounts selected each maintained one reconciling item that has been outstanding for more than 12 months. Documentation reflecting that management has researched reconciling items could not be obtained.

Collections

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

Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Selected the Commission's one deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of collection locations for the Commission's deposit site and management's representation that the listing is complete. Selected the Commission's one deposit site. Selected the Commission's one collection location.

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

Employees that are responsible for cash collections share a cash drawer/register.

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

The employee responsible for preparing/making deposits is also responsible for collecting cash without another employee reconciling the collection documentation to the deposit.

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

The employee responsible for posting collection entries to the general ledger is also responsible for collecting cash without another employee reconciling ledger postings to each other and to the deposit.

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

The employee responsible for reconciling cash collections to the general ledger is also responsible for collecting cash; however, a member of management verifies the reconciliation.

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

The employees responsible for collecting cash are properly bonded and/or covered by an insurance policy.

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

Randomly selected two (2) deposit dates and obtained supporting documentation for seven (7) deposits.

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

The Commission does not utilize a pre-numbered receipt system.

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

Deposit slip for one (1) of the seven (7) selected deposits could not be obtained. No other exceptions noted, as applicable.

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

Although the deposit slip for one (1) receipt selected could not be obtained, traced the total per system reports to the deposit per bank statement with no exception. Remaining deposit slips traced to bank statement without exception.

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

Three (3) of the receipts selected were not deposited within one (1) business day of collection. Additionally, supporting documentation for one (1) deposit did not evidence date of collection.

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

No exceptions noted.

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

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

Obtained listing of locations that process payments from management and management's representation that the listing is complete. Selected the Commission's one (1) location that processes payments.

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

Obtained a listing of those employees involved with non-payroll purchasing and payment functions and obtained description of employee job duties based on written documentation and/or inquiry.

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

No exceptions noted.

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

No exceptions noted.

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

The employee responsible for processing payments is not prohibited from adding/modifying vendor files. Additionally, changes to vendor files are not reviewed by another employee.

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

The employee responsible for processing payments also mails the payment.

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

Obtained a listing of the Commission's disbursement population from management and management's representation that the listing is complete. Randomly selected five (5) disbursements.

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

No exceptions noted.

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

One (1) of the five (5) disbursements selected did not evidence segregation of duties, as applicable.

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

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

11. 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.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]
 - b) Observe that finance charges and/or late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

Obtained a listing of all contracts/agreements that were initiated or renewed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) contracts.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Payroll and Personnel

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

Obtained a listing of employees employed during the fiscal year from management and management's representation that the listing is complete. Randomly selected five (5) employees and obtained required documentation noting no exceptions.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

Obtained management's representation that no termination payments were disbursed during the fiscal period.

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

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

Ethics

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service (excluding nonprofits)

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

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

Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal period.

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

The Commission has posted on its premises and website the notice required by R.S. 24:523.1.

Management's Response

The Commission's management and board of commissioners concurs with the exceptions and are working to address the deficiencies identified.

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 control and compliance 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 control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is solely for the information of and use by the Commission's management and the LLA. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 29, 2019