

**INDEPENDENT AUDITORS' REPORT ON
THE FINANCIAL STATEMENTS
OF
WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
JUNE 30, 2018**

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
Sulphur, Louisiana

BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Statement</u>	<u>Page</u>
Required Supplemental Information:		
Management's Discussion and Analysis		4-9
Independent Auditors' Report		10-11
Basic Financial Statements:		
Governmental Funds Balance Sheet / Statement of Net Position	A	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position		13
Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances / Statement of Activities	B	14
Reconciliation of the Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities		15
Notes to the Financial Statements		16-29
Required Supplemental Information:		
Budgetary Comparison Schedule - General Fund		31
Other Information:		
Schedule of Compensation, Benefits, and Other Payments to Agency Head of Chief Executive Officer		33
Independent Auditors' Report Required by Government		
<i>Auditing Standards:</i>		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		34-35
Schedule of Findings		36
Schedule of Prior Year Findings		37
Statewide Agreed-Upon Procedures Report		38-46

Required Supplemental Information:
Management's Discussion and Analysis

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

Management's Discussion and Analysis
June 30, 2018

As Management of the West Calcasieu Parish Community Center Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority as of and for the year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at June 30, 2018 by \$18,897,423 (net position).
- The Authority's net position increased by \$680,322 as a result of this year's operations.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$12,619,240 which include land, buildings and improvements, and equipment, net of accumulated depreciation.
 - (2) Unrestricted net position of \$4,908,598 represents the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- At June 30, 2018, the Authority's governmental funds consist solely of the Authority's general fund. The Authority's governmental funds reported a total ending fund balance of \$6,304,958 an increase of \$851,629, including expenditures for capital assets and debt service of the 2016 bonds. Of the total fund balance, \$4,872,376 is unassigned and available for spending at the Authority's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

Management's Discussion and Analysis
June 30, 2018

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

Fund Financial Statements. (continued)

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

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

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

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

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

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

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

Management's Discussion and Analysis
June 30, 2018

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's net position at June 30, 2018 and 2017 are summarized as follows:

	2018	2017
Assets:		
Current Assets	\$ 6,370,985	\$ 5,513,073
Capital Assets (net of accumulated depreciation)	<u>18,783,800</u>	<u>19,316,962</u>
Total Assets	25,154,785	24,830,035
Deferred outflows of resources	<u>-</u>	<u>-</u>
Liabilities:		
Current and Other Liabilities	504,587	488,304
Long-Term Liabilities	<u>5,752,775</u>	<u>6,124,630</u>
Total Liabilities	6,257,362	6,612,934
Net Position:		
Invested in Capital Assets (net of related debt)	12,619,240	12,785,402
Restricted	1,369,585	768,622
Unrestricted	<u>4,908,598</u>	<u>4,663,077</u>
Total Net Position	<u>\$ 18,897,423</u>	<u>\$ 18,217,101</u>

The largest components of the Authority's total assets are: (1) cash of \$1,436,096 or 5.71% (2) capital assets (e.g., land, building, and improvements and equipment, (net of accumulated depreciation) of \$18,783,800 or 74.67%; and (3) investments of \$4,571,704 or 18.17%. Of the Authority's total liabilities, the largest component is (1) bond payable of \$6,103,000 or 97.53%.

As noted earlier, net position (total assets less total liabilities) may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Authority's net position totaled \$18,897,423. A portion of the Authority's net position reflects its investments in capital assets (e.g., building, land and equipment). Capital assets are non-liquid assets and cannot be utilized to satisfy the Authority's obligations. The unrestricted net position of the Authority is available for future use.

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

Management's Discussion and Analysis
June 30, 2018

The Authority's changes in net position for June 30, 2018 and 2017 are summarized as follows:

	2018	2017
General Revenues and Program Revenues:		
Hotel/Motel Tax Revenues	\$1,917,593	\$1,067,099
Intergovernmental Revenues	291,155	278,346
Contributed Capital	-	461,039
Interest Income	60,372	35,455
Other Income	1,229	7,594
Facility Revenues	423,484	437,653
Concession Revenues	<u>270,092</u>	<u>297,262</u>
Total Revenues	<u>2,963,925</u>	<u>2,584,448</u>
 Expenses:		
Personnel	672,178	604,339
Operating Services	386,497	363,112
Materials and Supplies	307,963	278,018
Interest	182,269	232,767
Depreciation and Amortization	<u>734,696</u>	<u>699,038</u>
Total Expenses	<u>2,283,603</u>	<u>2,177,274</u>
 Change in Net Position	 680,322	 407,174
Net Position- Beginning	<u>18,217,101</u>	<u>17,809,927</u>
Net Position - Ending	<u>\$ 18,897,423</u>	<u>\$ 18,217,101</u>

Governmental activities increased net position by \$680,322 for the year ended June 30, 2018.

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

- The Authority is heavily dependent on hotel/motel taxes to support its operations. These taxes provided 64.70% of the Authority's total revenues.
- Total revenues increased by \$379,477, primarily due to an increase in sales tax revenues of \$850,494 from the prior year, and the decrease in contributed capital of \$461,039.
- Most expenses increased in the current year, as well as depreciation expense of \$35,658 from the prior year. Interest expense on the bonds decreased by \$50,498 from the prior year.

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

Management's Discussion and Analysis
June 30, 2018

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

At June 30, 2018, the Authority's General Fund balance (total assets less total liabilities) totaled \$6,304,958 of which \$21,530 was reserved for inventory, \$41,467 was reserved for prepaid expenses, and \$1,369,585 is restricted for debt service.

Total general revenues reflect a (61%) \$888,220 increase in 2018 as compared to 2017 due primarily to an increase in hotel/motel taxes.

GENERAL BUDGETARY POLICY HIGHLIGHTS

The Authority employs formal budgetary integration as a management control device during the year. Budgeted amounts included in the Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual (Budgetary Basis) include the original adopted budget amounts. Original budgets for each year are adopted on or before June 30 of the year preceding the budget year. The original budget is based on estimated revenues, estimated expenses, and other financial information known to the Authority at the time of the adoption of the budget.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGET

The larger increase in revenue occurred as the Authority received \$817,593 more in hotel/motel sales taxes than the budgeted amount of \$1,100,000. The larger increase in expenditures occurred in Capital Outlay as the Authority's actual expenditures were \$201,534, compared to the budgeted amount of \$920,000.

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

Management's Discussion and Analysis
June 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2018, the Authority had invested in various capital assets, including buildings and improvements and equipment. The capital assets are summarized below:

	<u>2018</u>	<u>2017</u>
Nondepreciable Assets:		
Land	\$ 1,797,269	\$ 1,797,269
Construction in Progress	-	1,114,632
Total Nondepreciable Assets	1,797,269	2,911,901
Depreciable Assets:		
Buildings and Improvements	20,424,174	19,199,892
Equipment and Furniture	1,997,747	1,922,212
Total Depreciable Assets	22,421,921	21,122,104
Less Accumulated Depreciation	<u>5,435,390</u>	<u>4,717,043</u>
Book Value - Depreciable Assets	<u>\$16,986,531</u>	<u>\$16,405,061</u>

Debt Administration

The 2016 series bond payable balance decreased \$367,000 as principal was paid on the bonds, decreasing the balance from \$6,470,000 to \$6,103,000 in the current year.

ECONOMIC FACTORS AND FUTURE OUTLOOK

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

McMullen and Mancuso
Certified Public Accountants, L.L.C.

P. O. Box 202

Lisa F. McMullen, C.P.A.

3600 Maplewood Dr.

Telephone (337) 625-5054

Pamela C. Mancuso, C.P.A.

Sulphur, Louisiana 70663

Fax (337) 625-5849

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the West Calcasieu Parish Community Center Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the West Calcasieu Parish Community Center Authority as of June 30, 2018, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, and the budgetary comparison information on page 32 be presented to supplement the basic

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of the West Calcasieu Parish Community Center Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the West Calcasieu Parish Community Center Authority's internal control over financial reporting and compliance.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
December 27, 2018

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

Governmental Funds Balance Sheet/Statement of Net Position

June 30, 2018

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and Cash Equivalents	\$ 66,511	\$ -	\$ 66,511
Cash and Cash Equivalents, Restricted	1,369,585	-	1,369,585
Investments	4,571,704	-	4,571,704
Taxes Receivable	279,392	-	279,392
Accounts Receivable	20,796	-	20,796
Concession Inventory	21,530	-	21,530
Prepaid Insurance	41,467	-	41,467
Capital Assets (net of accumulated depreciation)	-	16,986,531	16,986,531
Land	-	1,797,269	1,797,269
	6,370,985	18,783,800	25,154,785
Total Assets			
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Accounts Payable and Other Accrued Liabilities	66,027	-	66,027
Interest Payable - Bonds	-	61,560	61,560
Bonds Payable:			-
Due Within One Year	-	377,000	377,000
Due After One Year	-	5,726,000	5,726,000
Other Long - Term Liabilities:			
Due After One Year	-	26,775	26,775
	66,027	6,191,335	6,257,362
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
FUND BALANCES			
Nonspendable:			
Inventories	21,530	(21,530)	-
Prepaid Expense	41,467	(41,467)	-
Restricted for Debt Service	1,369,585	(1,369,585)	-
Unassigned	4,872,376	(4,872,376)	-
Total Fund Balances	6,304,958	(6,304,958)	-
Total Liabilities and Fund Balances	\$ 6,370,985		
NET POSITION			
Invested in Capital Assets, (net of related debt)		12,619,240	12,619,240
Restricted		1,369,585	1,369,585
Unrestricted		4,908,598	4,908,598
Total Net Position		\$ 18,897,423	\$ 18,897,423

The accompanying notes are an integral part of this statement

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

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

June 30, 2018

Total fund balance for governmental funds at June 30, 2018: \$ 6,304,958

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

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

Capital assets, net of \$4,716,700 accumulated depreciation	16,986,531
Land	1,797,269

Long-term liabilities at June 30, 2018 are not due and payable in
the current period and therefore are not reported in the funds:

Bonds payable	(6,103,000)
Accrued interest payable	(61,560)
Other post employment benefits	(26,775)

Total net position of governmental activities at June 30, 2018	<u><u>\$ 18,897,423</u></u>
--	-----------------------------

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

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

For the Year Ended June 30, 2018

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES			
Governmental Activities:			
Personnel Services	\$ 667,033	\$ 5,145	\$ 672,178
Operating Services	386,497	-	386,497
Materials and Supplies	307,963	-	307,963
Debt Service - Interest	182,269	-	182,269
Debt Service - Principal	367,000	(367,000)	-
Capital Outlay	201,534	(201,534)	-
Depreciation	-	734,696	734,696
Total Expenditures	2,112,296	171,307	2,283,603
PROGRAM REVENUES			
Facility Revenues	411,615	-	411,615
Concessions Revenues	270,092	-	270,092
Shavings Revenues	11,869	-	11,869
Other Revenues	1,229	-	1,229
Total Program Revenues	694,805	-	694,805
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	(1,417,491)	(171,307)	(1,588,798)
GENERAL REVENUES			
Hotel/Motel Tax Revenues	1,917,593	-	1,917,593
Intergovernmental Revenues	291,155	-	291,155
Interest Income	60,372	-	60,372
Total General Revenues	2,269,120	-	2,269,120
CHANGE IN FUND BALANCE /NET POSITION	851,629	(171,307)	680,322
FUND BALANCE/NET POSITION			
Beginning of Year	5,453,329	12,763,772	18,217,101
End of Year	\$ 6,304,958	\$ 12,592,465	\$ 18,897,423

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

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

For the Year Ended June 30, 2018

Total net changes in fund balances - governmental fund - per Statement of Revenues, Expenditures and Changes in Fund Balances	\$	851,629
The change in net position reported for governmental activities in the Statement of Activities is different because:		
<p style="margin-left: 40px;">Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense</p>		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	201,534	
Depreciation expense for the year ended June 30, 2018	<u>(734,696)</u>	(533,162)
<p style="margin-left: 40px;">Payments of long-term debt are reported as expenditures in governmental funds. However, those amounts are a reduction of long-term liabilities in the Statement of Net Position and are not reflected in the Statement of Activities</p>		
		367,000
<p style="margin-left: 40px;">The effect of recording the net OPEB obligation in the Statement of Activities does not require the use of current financial resources and not reported as expenditures in the governmental funds.</p>		
		(5,145)
Total changes in net position of governmental activities per Statement of Activities		<u>\$ 680,322</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accounting and reporting framework and the more significant accounting policies are discussed in the following notes.

A. FINANCIAL REPORTING ENTITY

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

B. BASIS OF PRESENTATION

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

Fund Financial Statements

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

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

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018

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

B. BASIS OF PRESENTATION (continued)

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a function or segment and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

Fund Financial Statements (FFS)

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

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

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

Hotel/Motel Sales taxes, reimbursements, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal

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

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018**

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

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

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

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Authority as a whole. These statements include all the financial activities of the Authority. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

D. BUDGETS

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

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

E. CASH AND CASH EQUIVALENTS

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018**

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

E. CASH AND CASH EQUIVALENTS (continued)

At June 30, 2018, the Authority had \$1,434,744 in deposits (collected bank balances). These deposits were secured by \$315,159 of federal deposit insurance and \$1,119,585 collateralized with securities held in the name of the Authority by the pledging financial institution's agent.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority deposits its cash with high quality financial institutions, and management believes the Authority is not exposed to significant credit risk.

Concentration of Credit Risk. The Authority places no limitation on the amount the Authority may invest in any one issuer.

F. UNCOLLECTIBLE ACCOUNTS

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

G. CAPITAL ASSETS

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

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

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

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

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018

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

H. COMPENSATED ABSENCES

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

Vacation

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

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

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

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

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

Sick Leave

Sick leave shall be credited to regular employees at the rate of .0462 hours for each hour of work. Hours of work shall be defined as regular hours worked, holidays, and vacation time. (This is equivalent to eight (8) hours of sick leave per month.) This shall be granted to employees during the first year of continuous employment. After one year of continuous employment, the employee shall accumulate sick leave at the rate of .0692 hours for each hour of work. (This is equivalent to twelve (12) hours of sick leave per month.) The maximum allowable Sick Leave Hours that may be accrued by any full time employee shall not exceed 520 hours. For employees hired prior to October 19, 2017 the maximum number of hours of accrued Sick Time Leave shall be 520 hours OR the current number of each eligible employees actual accrued leave, whichever is greater. No employee shall be paid for unused sick leave.

I. LONG-TERM DEBT

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable. Long-term debt for governmental funds is not reported as liabilities in the financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018

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

J. EQUITY CLASSIFICATION

In the fund financial statements, governmental fund equity is classified as fund balance. The Authority classified governmental fund balances as follows:

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

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

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

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

J. EQUITY CLASSIFICATION (continued)

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

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

K. ESTIMATES

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

L. INVENTORY

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

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2018 the Authority had cash and cash equivalents (book balances) totaling \$1,434,683 as follows:

Cash on hand	\$	4,000
Interest-bearing demand deposits - current		61,098
Interest-bearing demand deposits - restricted		<u>1,369,585</u>
Total	\$	<u>1,434,683</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on the with the fiscal agent.

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

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018**

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

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

NOTE 3 - RESTRICTED CASH

The Series 2016 Revenue Bond Resolution required the establishment of a Revenue Fund to collect and disburse the tax revenues from the Louisiana Department of Revenue and Taxation and disbursed by the Paying Agent to the Sinking Fund at times and amounts necessary to pay the principal and interest on the bonds as they mature and become due. The balance in this account with Hancock/Whitney Bank was \$1,369,585 at June 30, 2018.

NOTE 4 – INVESTMENTS

Investments held at June 30, 2018 consist of \$4,571,704 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126 the investment in LAMP at June 30, 2018 is not categorized in the three risk categories provided by GASB Codification Section 150.126 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018**

NOTE 4 – INVESTMENTS (continued)

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

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

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

NOTE 5 – COMPENSATED ABSENCES

At June 30, 2018, the employees of the Authority have accumulated and vested \$15,953 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 6 - RISK MANAGEMENT

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

NOTE 7 – CAPITAL ASSETS

The following is a schedule of changes in fixed assets for the year ended June 30, 2018:

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

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018**

NOTE 7 – CAPITAL ASSETS (continued)

	Beginning of Year	Additions	Deletions	End of Year
Building	\$ 5,441,480	\$ 1,216,453	\$ -	\$ 6,657,933
Building - Events Center	12,458,983	-	-	12,458,983
Land	1,797,269	-	-	1,797,269
Land Improvements	1,299,429	-	-	1,299,429
Vehicles	132,946	-	-	132,946
Furniture and Equipment	796,905	78,563	(17,073)	858,395
Furniture and Equipment-Event Center	992,361	21,873	-	1,014,234
Construction in Progress	1,114,632	-	(1,114,632)	-
Total	24,034,005	1,316,889	(1,131,705)	24,219,189
Accumulated Depreciation	(4,717,043)	(734,696)	16,350	(5,435,389)
Net	<u>\$ 19,316,962</u>	<u>\$ 582,193</u>	<u>\$ (1,115,355)</u>	<u>\$ 18,783,800</u>

NOTE 8 – BONDS PAYABLE

2017 Revenue Refunding Bonds

On March 23, 2017, the Authority issued \$6,840,000 in Revenue Refunding Bonds, Series 2017, with an average interest rate of 2.889 percent to advance refund \$6,715,000 of outstanding 2011 Series Revenue Bonds with an average interest rate of 3.79 percent. The net proceeds of the bonds, \$6,672,018 (after payment of \$167,982 in costs of issuance) and a transfer of \$157,500 from the existing funds of the Authority, were used to purchase U.S. Treasury Certificates. Those securities were deposited into a special and irrevocable trust with an escrow agent to provide for the payment of the outstanding \$6,400,000 series 2011 bonds on September 1, 2018.

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

The following is a summary of changes in this long-term debt for the year ended June 30, 2018:

Description	Amount of Original Issue	Maturity	Interest Rates	Balance 6/30/2017	Retired 6/30/2018	Balance 6/30/2018
2017	\$ 6,840,000	2032	2.89%	\$ 6,470,000	\$ 367,000	\$ 6,103,000

The annual debt service requirements to maturity for the 2017 bond series as of June 30, 2018 are as follows:

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

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018**

NOTE 8 – BONDS PAYABLE (continued)

Year Ending June 30,	Revenue Bonds Principal	Bonds Interest
2019	377,000	172,449
2020	387,000	162,259
2021	398,000	151,630
2022	409,000	140,360
2023	421,000	128,577
2024-2028	2,295,000	452,388
2029-2032	1,816,000	107,694
	<u>\$ 6,103,000</u>	<u>\$ 1,315,357</u>

NOTE 9 – DEFERRED COMPENSATION PLAN

In 2015, the Authority implemented a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b) for its employees. The plan is available to all full time employees which have been employed by the Authority for 12 consecutive months, and is administered by Great West Financial. The plan permits the employees to defer a portion of their current salary until future years. The Authority's contribution for each employee is a match of 2:1, not to exceed 10% of each eligible employee's annual earnings. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. During the year ended June 30, 2018, the Authority contributed \$27,665, with the employees contributing \$12,901.

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

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

NOTE 10 - POSTEMPLOYMENT HEALTHCARE PLAN

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

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
CALCASIEU PARISH, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018

NOTE 10 - POSTEMPLOYMENT HEALTHCARE PLAN (continued)

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

The notes to the financial statements contain other required disclosure information such as the estimated costs today of providing the postemployment benefits to all of your current employees once they retire not just the liability referred to above that is actually recognized in the Statement of Net Position. The Authority contracted with a third party consultant to perform the actuarial valuation required by GASB Statement No. 45 as of January 1, 2012, January 1, 2014 and January 1, 2016. Since GASB Statement No. 45 requires valuations every other year for plan memberships exceeding 200, the actuarial valuations prepared will be utilized for two year periods of 2012 and 2013, 2014 and 2015, and 2016 and 2017 with the inclusion of the appropriate second year adjustments.

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

Plan Description: The Authority’s OPEB Plan is a single employer defined benefit “substantive” plan as understood by the employer and its employees. All of the employees of the Authority may at their option participate in the employee’s group health, dental and life insurance programs sponsored and administered by the Authority in conjunction with its third party insurance providers and administrative agents. In addition to the option to participate in the group health, dental and life plans during employment, at retirement, employees who have twenty (20) years of cumulative service will be eligible for certain retiree benefits if hired after January 1, 2007. Employees hired prior to January 1, 2007 must have ten (10) years of cumulative service to be eligible for any retiree benefits. The Authority currently offers its retirees the option to elect to participate in the health, dental and life plans. While there is no specific written plan or trust for the Authority OPEB plan alone and therefore no separate annual report is issued, the Authority has reported this plan information based on communications to plan members via the written health plan maintained by the Parish. Any amendments to the general health plan as related to types of benefits offered are required to be approved by Authority management before being distributed to Plan members.

Funding Policy: The contribution requirements of the retirees and the participating employers are established in the annual operating budget and may be amended in subsequent years with the approval of Authority management. As stated previously, the required contribution is based on projected “pay-as-you-go” financing requirements. The employer contribution to the OPEB plan for 2017 was \$0. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2017 consisted of \$502 per month if under age 65, \$375 per month if subject to Medicare Supplement Part A, or \$262 per month if subject to Medicare Supplements Parts A & B.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018**

NOTE 10 - POSTEMPLOYMENT HEALTHCARE PLAN (continued)

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

For the January 1, 2016 actuarial valuations, claim costs were developed for per-65 and post-65 retirees’ costs. Costs were developed based on the current fully insured equivalency rates with costs adjusted for aging since the underlying premium rates are not community rated. This basis was used for the calculation of the present value of total benefits to be paid for retiree coverage. The 2016 actuarial valuation assumed a healthcare cost inflation rate of 10% decreasing to an ultimate rate of 5% in 2023 and beyond. A 1% inflation factor was utilized each year. The 2016 actuarial valuation also assumes that (1) the members’ current marital status and whether spousal coverage is elected will remain unchanged at retirement, (2) female spouses are assumed to be three years younger than male employees are male spouses are assumed to be three years older than female employees, (3) employees electing single coverage as active employees are assumed to continue with single coverage at retirement and employees electing family coverage as active employees are assumed to continue family coverage as retirees and (4) 100% of employees will elect Medicare coverage when they are first eligible. The amortization method for the plan is level dollar with a thirty year open amortization period. The remaining amortization period at January 1, 2017 was twenty years.

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

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

	<u>2017</u>	<u>2016</u>
Beginning Net OPEB Obligation	\$ 21,630	\$ 15,078
Annual required contribution	3,294	5,404
Interest on Net OPEB Obligation	865	603
ARC Adjustment	<u>985</u>	<u>2,275</u>
OPEB Cost	5,145	8,282
Contribution	-	(1,730)
Current year retiree premium	<u>-</u>	<u>-</u>
Increase in Net OPEB Obligation	<u>5,145</u>	<u>6,552</u>
Ending Net OPEB Obligation	<u>\$ 26,775</u>	<u>\$ 21,630</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the year ended June 30, 2018**

NOTE 10 - POSTEMPLOYMENT HEALTHCARE PLAN(continued)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Obligation</u>
December 31, 2015	\$ 3,117	0.00%	\$ 15,078
December 31, 2016	\$ 8,282	20.89%	\$ 21,630
December 31, 2017	\$ 5,145	0.00%	\$ 26,775

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2016	\$ -	\$ 73,390	\$ 73,390	0.00%	\$ 224,018	32.76%

NOTE 11 – INTERGOVERNMENTAL REVENUE

On January 9, 2015, the Authority entered into a cooperative agreement with the Calcasieu Authority Police Jury to provide supplemental funding assistance to the Authority from the proceeds of an ad valorem tax known as the Burton Coliseum and Agricultural Services Tax. In the first year of the agreement, the appropriation to the Authority is \$225,000 from its tax. In subsequent years, the Police Jury shall annually appropriate 10% of estimated tax collections of the tax. The appropriation of funds from the tax to the Authority will not exceed 25% of the Authority’s gross operating revenue, as determined by the Authority’s previous fiscal year audit. Disbursement of funding will occur in February of each year. The agreement is effective for a period of 10 years. The amount of assistance received was \$291,155 for the year ended June 30, 2018.

NOTE 12 – ECONOMIC DEPENDENCY

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

NOTE 13 – BOARD PER DIEM

The members of the governing board received no per diem for the year ended June 30, 2018.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 26, 2018, which is the date the financial statements were available to be issued.

Required Supplemental Information

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

**Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Hotel/Motel Tax Revenues	\$ 1,100,000	\$ 1,917,593	\$ 817,593
Intergovernmental Revenues	230,000	291,155	61,155
Interest Income	35,000	60,372	25,372
Facility Revenues	375,000	411,615	36,615
Concessions Revenues	230,000	270,092	40,092
Shavings Revenues	12,000	11,869	(131)
Other Income	2,500	1,229	(1,271)
Total Revenues	<u>1,984,500</u>	<u>2,963,925</u>	<u>979,425</u>
EXPENDITURES			
Personnel Services	779,827	667,033	112,794
Operating Services	404,555	386,497	18,058
Materials and Supplies	215,230	307,963	(92,733)
Debt Service - Interest	182,269	182,269	-
Debt Service - Principle	367,000	367,000	-
Capital Outlay	920,000	201,534	718,466
Total Expenditures	<u>2,868,881</u>	<u>2,112,296</u>	<u>756,585</u>
CHANGE IN FUND BALANCE	(884,381)	851,629	222,840
FUND BALANCE AT BEGINNING OF YEAR	<u>5,453,329</u>	<u>5,453,329</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	\$ <u><u>4,568,948</u></u>	\$ <u><u>6,304,958</u></u>	\$ <u><u>222,840</u></u>

Notes to the Schedule:

The budget for the General Fund is prepared on the cash basis of accounting.
There were no amendments to the budget for the year ended June 30, 2018.

Other Information

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

**Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2018**

Agency Head Name: Adrian Moreno, Executive Director

Purpose	Amount
Salary	\$130,037
Benefits- Insurance	\$12,746
Benefits- Retirement	\$11,279
Benefits- Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$5,991
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

McMullen and Mancuso
Certified Public Accountants, L.L.C.

P. O. Box 202

Lisa F. McMullen, C.P.A.

3600 Maplewood Dr.

Telephone (337) 625-5054

Pamela C. Mancuso, C.P.A.

Sulphur, Louisiana 70663

Fax (337) 625-5849

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of West Calcasieu Parish Community Center Authority, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise West Calcasieu Parish Community Center Authority's basic financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Calcasieu Parish Community Center Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on

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 matter that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any purpose.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
December 27, 2018

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

SCHEDULE OF FINDINGS

For the Year Ended June 30, 2018

We have audited the financial statements of the West Calcasieu Parish Community Center Authority as of and for the year ended June 30, 2018, and have issued our report thereon dated December 27, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2018 resulted in an unmodified opinion.

Section I Summary of Auditors' Reports

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

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

There were no current year financial statement findings.

Section III Federal Award Findings and Questioned Costs

N/A

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

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2018

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken
Section I - Internal Control and Compliance Material to the Financial Statements:			
2017-1 Budgetary Authority and Control	2017	<p>The Authority's budget for the fiscal year ended June 30, 2018 did not include an other financing use, the debt service on the 2011 Revenue Bonds. Therefore, the actual expenditures and other uses exceeded the total budgeted other uses by 5% or more.</p> <p>The Authority was not in compliance with the Local Government Budget Act, found in LA R.S. 39:1301-1315.</p>	Resolved

WEST CALCASIEU PARISH COMMUNITY CENTER AUTHORITY
Sulphur, Louisiana

Statewide Agreed-Upon Procedures Report

June 30, 2018

McMullen and Mancuso
Certified Public Accountants, L.L.C.

P. O. Box 202

Lisa F. McMullen, C.P.A.

3600 Maplewood Dr.

Telephone (337) 625-5054

Pamela C. Mancuso, C.P.A.

Sulphur, Louisiana 70663

Fax (337) 625-5849

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the
West Calcasieu Parish Community Center Authority and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by West Calcasieu Parish Community Center Authority and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Authority's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

The Authority is working on policies and procedures to address the budgeting function.

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

The Authority is working on policies and procedures to address the purchasing function.

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

The Authority is working on policies and procedures to address the disbursements function.

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).

The Authority currently has policies and procedures to address the receipts/collections function.

Members

American Institute of Certified Public Accountants
Louisiana Society of Certified Accountants

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

The Authority is working on policies and procedures to address the payroll/personal function.

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

The Authority is working on policies and procedures to address the contracting function.

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

The Authority is working on policies and procedures to address the credit cards function.

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

The Authority is working on policies and procedures to address the travel and expense reimbursement function.

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

The Authority currently has policies and procedures to address the ethics function.

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

The Authority is working on policies and procedures to address the debt service function.

Board (or Finance Committee, if applicable)

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

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

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

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

Observed the Authority's prior year audit and the total fund balance did not have a negative ending balance.

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

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

The bank reconciliations include evidence that they were prepared within 2 months of the related statements closing date.

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

The bank reconciliations did include written evidence that a member of management or a board member reviewed each bank reconciliation.

- 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.

There were no reconciling items that have been outstanding for more than 12 months as of the end of the fiscal year.

Collections

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

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

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

In the one deposit site and collection location for the Authority, the job duties are properly segregated.

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

The employee responsible for cash collections does not share a cash drawer.

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

The Operations Manager is responsible for collecting payments and preparing/making bank deposits.

- 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 Operations Manager is responsible for collecting payments and posting collection entries to the general ledger.

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

While these functions are handled by the Operations Manager, the Executive Director 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.

Management confirmed that all persons who has access to cash are insured.

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

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

As the Authority did not have an exception in this AUP category tested during year 1, this procedure was not tested in year 2.

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).

All payments for the Authority are processed at the Authority's offices.

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

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

The Authority requires at least two employees to be involved in these purchasing functions.

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

This Authority requires at least two employees to be involved in these processing and payment functions.

- 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 can add/modify vendor files, and another employee does periodically review changes to vendor files.

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

The person with signatory authority signs the check but does give the checks to the employee to mail who processes payments.

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

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

No exceptions noted.

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

No exceptions noted.

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

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

Obtained the listing of all active credit cards and fuel cards, including the card numbers and name of person who maintain possession of cards, and management's representation that the listing is complete was obtained.

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

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

The 2 credit cards used by the Authority were selected. Selected a monthly statement for each card and noted the supporting documentation was not approved in writing by someone other than the authorized card holder. Written approval was not noted on the statements.

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

Finance charges were not assessed on the statements selected for testing.

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

The transactions tested were supported by an original itemized receipt that identified precisely what was purchased, did not always have written documentation of the business/public purpose, and documentation of individuals participating in meals was not recorded on the receipts for meals.

Travel and Expense Reimbursement

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:

Obtained the general ledger there were no travel and expense reimbursements and management's representation that the general ledger is complete.

- 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).

Not applicable.

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

Not applicable.

- 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).

Not applicable.

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

Not applicable.

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

- 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.

As the Authority did not have an exception in this AUP category tested during year 1, this procedure was not tested in year 2.

- 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).

As the Authority did not have an exception in this AUP category tested during year 1, this procedure was not tested in year 2.

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

As the Authority did not have an exception in this AUP category tested during year 1, this procedure was not tested in year 2.

- 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.

As the Authority did not have an exception in this AUP category tested during year 1, this procedure was not tested in year 2.

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

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

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

The selected employees documented their daily attendance, but leave was not always documented.

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

The supervisor documented approval of all attendance cards but did not always document approval of leave.

- 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.

It was noted that management's termination payment calculation was not correct for an employee that was terminated during the fiscal year. Management was notified and has corrected the termination payment to the employee.

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.

As the Authority did not have an exception in this AUP category tested during year 1, this procedure was not tested in year 2.

Ethics

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

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

Observed certificates that the Authority's employees/officials completed ethics training during the fiscal year.

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

There was no signature verification that the Authority's employees/officials had read the Authority's ethics policy during the fiscal period.

Debt Service

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

Not applicable, as no new bonds/notes were issued during the fiscal year.

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

No exceptions noted.

Other

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

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

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

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

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

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

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

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
December 27, 2018