

**IMPERIAL CALCASIEU REGIONAL PLANNING &  
DEVELOPMENT COMMISSION**

**FINANCIAL REPORT**

**JUNE 30, 2017**

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

Lake Charles, Louisiana

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11650.000 Audit 6/30/2017 1100.001 financial report

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Imperial Calcasieu Regional Planning and Development Commission as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Imperial Calcasieu Regional Planning and Development Commission as of June 30, 2017, and the respective changes in financial position for the year then ended, in accordance with generally accepted accounting principles in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 26-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Information*

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

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the Imperial Calcasieu Regional Planning & Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Commission's internal control over financial reporting and compliance.

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

*Mc Elroy, Quirk & Burch*

Lake Charles, Louisiana  
December 20, 2017

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF NET POSITION

June 30, 2017

ASSETS	<u>Governmental Activities</u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 263,833
Grants receivable	38,696
Dues receivable	7,000
MPO dues receivable	9,797
Prepaid expenditures	<u>7,625</u>
Total current assets	326,951
<b>NONCURRENT ASSETS</b>	
Total assets	<u>-</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accrued expenditures	47,015
Leave payable	<u>7,274</u>
Total current liabilities	<u>54,289</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable MPO dues	<u>120,256</u>
<b>NET POSITION</b>	
Unrestricted	<u>152,406</u>
Total net position	<u>\$ 152,406</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Revenue (Expense)</u>
Planning and development	\$ 264,601	\$ 125,548	\$ -	\$ (139,053)
EDA programs	29,830	-	30,957	1,127
FHWA programs	140,442	-	206,324	65,882
FTA programs	11,198	-	39,100	27,902
FTA RT programs	5,921	-	13,483	7,562
Delta region program	1,654	-	14,753	13,099
Safety program	40,870	-	87,136	46,266
 Total governmental activities	 <u>\$ 494,516</u>	 <u>\$ 125,548</u>	 <u>\$ 391,753</u>	 <u>\$ 22,785</u>
 General revenues:				
Interest				\$ 450
Other income				<u>2,992</u>
				<u>\$ 3,442</u>
 Change in net position				 \$ 26,227
 Net position- beginning of year				 <u>126,179</u>
 Net position- end of year				 <u>\$ 152,406</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

BALANCE SHEET - GENERAL FUND

June 30, 2017

ASSETS

Cash and cash equivalents	\$ 263,833
Grants receivable	38,696
Dues receivable	7,000
MPO dues receivable	9,797
Prepaid expenditures	<u>7,625</u>
Total assets	<u>\$ 326,951</u>

LIABILITIES

Accrued expenditures	<u>\$ 47,015</u>
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DEFERRED INFLOWS OF RESOURCES

Unavailable MPO dues	<u>120,256</u>
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FUND BALANCES

Nonspendable - prepaid expenditures	7,625
Unassigned fund balance	<u>152,055</u>
Total fund balances	<u>159,680</u>

Total liabilities and fund balances	<u>\$ 326,951</u>
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The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET

June 30, 2017

Total governmental fund balances	\$ 159,680
Amounts reported for governmental activities in the statement of net position are different because:	
Balances for compensated absences are not reported in the fund	<u>(7,274)</u>
Net position of governmental activities	<u>\$ 152,406</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GENERAL FUND

Year Ended June 30, 2017

REVENUES

Federal and state grants	\$ 391,753
Dues	125,548
Interest income	450
Other income	<u>2,992</u>
Total revenues	<u>520,743</u>

EXPENDITURES

Current operations:	
Planning and development	260,600
Economic development program	29,830
FHWA program	140,442
FTA program	11,198
FTA RT program	5,921
Delta regional program	1,654
Safety program	<u>40,870</u>
Total expenditures	<u>490,515</u>

Excess (deficiency) over expenditures 30,228

Fund balance - beginning of year 129,452

Fund balance - end of year \$ 159,680

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$ 30,228
Amounts reported for governmental activities in the statement of activities are different because:	
(Increase) in compensated absences balances is revenue in the governmental funds, but the obligation increases long-term liabilities in the statement of net position	<u>(4,001)</u>
Change in net position of governmental activities	<u>\$ 26,227</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2017

ASSETS

Investments	<u>\$ 149,965</u>
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LIABILITIES

Deferred compensation benefits	<u>\$ 149,965</u>
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The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
Year Ended June 30, 2017

ADDITIONS	
Employee and employer contributions	\$ 5,622
Net appreciation in fair value of investments	<u>18,812</u>
Total additions	24,434
DEDUCTIONS	
	<u>69,504</u>
Change in net position	(45,070)
Net position held in agency funds:	
Beginning of year	<u>195,035</u>
End of year	<u>\$ 149,965</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Note 1. Summary of Significant Accounting Policies

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

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

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

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

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

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

B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

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

#### GOVERNMENTAL FUNDS

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

#### C. Measurement Focus and Basis of Accounting

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

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

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

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

D. Net Position Flow Assumption

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

Fund balances:

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

Net position:

Net position is displayed in three components:

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

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

E. Budgets and Budgetary Accounting

Budgets for the various programs are prepared by the Executive Director and approved by the Board of Directors. The original and subsequent amendments are also approved by the Board. The original budget was adopted on May 16, 2016 and was amended on October 24, 2017. The final amended budget is presented in these financial statements. Formal budgetary integration is employed as a management control device during the year.

Encumbrance accounting is not used.

F. Cash, Cash Equivalents and Investments

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

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

G. Prepaid Expenditures/Nonspendable-Prepaid Expenditures

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

H. Capital Assets and Depreciation

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

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

IMCAL has no infrastructure assets.

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

I. Accumulated Leave

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

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

J. Unavailable MPO Dues

Unavailable MPO dues is provided for the 2016-2017 dues (\$120,256) that are billed in the current year but are not due and payable until the following year.

K. Cost Allocation Plan

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

Note 2. Cash and Cash Equivalents

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

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

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

The deposits at June 30, 2017 are as follows:

	<u>Demand Deposits</u>	<u>Time Deposits</u>
Carry amount	\$ 192,811	\$ 70,872
Bank balances:		
a. Federally insured	\$ 192,811	\$ 70,872
b. Collateralized by securities held by the pledging financial institution	-	-
c. Uncollateralized and uninsured	-	-
	<u>\$ 192,811</u>	<u>\$ 70,872</u>

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

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

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

Note 3. Receivables

Grants receivable at June 30, 2017, consisted of reimbursements for expenditures incurred under the following programs:

<u>Program</u>	<u>Amount</u>
FTA Regional grant	\$ 2,052
FHWA grant	29,615
FTA grant	3,264
Safety grant	<u>3,765</u>
Total	<u>\$ 38,696</u>

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

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u> 7/1/16	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 6/30/17
Computers, furniture and equipment	\$ 39,979	\$ -	\$ -	\$ 39,979
Accumulated depreciation	<u>(39,979)</u>	<u>-</u>	<u>-</u>	<u>(39,979)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5. Changes in Accrued Leave Payable

The following is a summary of transactions relating to the Commission's leave payable during fiscal year ended June 30, 2017:

	<u>Balance</u> 7/01/16	<u>Principal</u>		<u>Balance</u> 6/30/17
		<u>Additions</u>	<u>Reductions</u>	
Accumulated unpaid vacation	<u>\$ 3,273</u>	<u>\$ 4,829</u>	<u>\$ 828</u>	<u>\$ 7,274</u>

Note 6. Fund Balance

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

Nonspendable:

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

Restricted:

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

Committed:

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

Assigned:

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

Unassigned:

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

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

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

Note 7. Economic Dependency/Funding Sources

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

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

Federal and state grants:	
Economic Development Administration (EDA)	\$ 30,957
Federal Transportation Administration (FTA)	52,583
Federal Highway Administration (FHWA)	206,324
Delta Regional Authority	14,753
Louisiana Association of Planning and Development District	-
Louisiana Department of Transportation and Development	<u>87,136</u>
	<u>\$ 391,753</u>

Note 8. Board of Directors' Compensation

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

Note 9. Lease Commitments

The Commission leases office space under operating leases expiring on July 31, 2018. The Commission can renew the lease at the end of the term for one additional term of 5 years.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of 1 year as of June 30, 2017 for each of the next 5 years and in the aggregate are:

Year Ended June 30	
2018	\$ 30,000
2019	2,500
2020	-
2021	-
2022	<u>-</u>
Total minimum future rental payment	<u>\$ 32,500</u>

Lease expense for the year ended June 30, 2017 amounted to \$27,500.

The Commission leased storage units at a monthly rate ranging from \$56 to \$58. These leases are month-to-month leases. Total lease expenditure for the year ended June 30, 2017 is \$174.

Note 10. Deferred Compensation

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

Note 11. Fair Value

The Commission categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Commission had the following recurring fair value measurements as of June 30, 2017:

Fiduciary Activities

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

Investments by Fair Value Level	6/30/17	Quoted Prices	Significant	Significant
		in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Units (Level 3)
Mutual funds:				
NW Inv Dest Mod Aggr SVC	\$ 97,769	\$ 97,769	\$ -	\$ -
NW Inv Dest Mod SVC	52,048	52,048	-	-
Nationwide Fixed Account	148	148	-	-
	<u>\$ 149,965</u>	<u>\$ 149,965</u>	<u>\$ -</u>	<u>\$ -</u>

Note 12. Contingent Liabilities and Commitments

The Commission does not have any pending litigation cases at June 30, 2017.

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

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

Note 13. Subsequent Events

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

**SUPPLEMENTAL INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Grant income	\$ 464,496	\$ 392,300	\$ 391,753	\$ (547)
Local match	125,712	-	-	-
Dues	119,523	125,310	125,548	238
Other revenue	13,600	9,300	3,442	(5,858)
Total revenues	<u>723,331</u>	<u>526,910</u>	<u>520,743</u>	<u>(6,167)</u>
<b>EXPENDITURES</b>				
Personnel costs	383,336	325,750	325,729	21
Space rental	32,600	27,700	27,674	26
Travel	40,900	9,500	9,480	20
Equipment	16,000	-	-	-
Phone/supplies/postage	11,600	7,400	4,500	2,900
Insurance	12,300	4,800	8,881	(4,081)
Legal and professional	8,500	3,700	3,699	1
Other expenses	75,600	133,175	110,552	22,623
Total expenditures	<u>580,836</u>	<u>512,025</u>	<u>490,515</u>	<u>21,510</u>
Excess (deficiency) of revenues over expenditures	142,495	14,885	30,228	15,343
Fund balance - beginning of year	<u>129,452</u>	<u>129,452</u>	<u>129,452</u>	<u>-</u>
Fund balance - end of year	<u>\$ 271,947</u>	<u>\$ 144,337</u>	<u>\$ 159,680</u>	<u>\$ 15,343</u>

### **OTHER SUPPLEMENTARY INFORMATION**

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

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF REVENUES AND EXPENDITURES - GRANT FUNDS  
Year Ended June 30, 2017

	Economic Development Administration		
	EDA	Delta	Safety
	16-17	16-17	16-17
<b>REVENUES</b>			
Federal and state grants	\$ 30,957	\$ 14,753	\$ 87,136
<b>EXPENDITURES</b>			
Salaries	22,956	1,391	33,375
Fringe benefits	1,807	125	2,769
Consultants and contractors	-	-	-
Travel	2,527	138	3,049
Miscellaneous	-	-	-
Supplies	-	-	-
Publications and printing	-	-	-
Registration and subscriptions	2,288	-	1,669
Postage	5	-	8
Advertising	-	-	-
Indirect expenses	247	-	-
Total expenditures	29,830	1,654	40,870
Excess (deficiency) of revenues over expenditures	\$ 1,127	\$ 13,099	\$ 46,266

Note 1: The above schedule includes the current year's accrual of leave costs of \$457, which are charged as an indirect cost for accounting purposes. The schedule does not include non-federal expenditures of \$260,600. For financial statement purposes, the denoted items, when combined with the total expenditures on this schedule, will reconcile to the total expenditures in the statement of revenues and expenditures, and changes in fund balance - general fund on this report.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF REVENUES AND EXPENDITURES - GRANT FUNDS

Year Ended June 30, 2017

	Economic Development		
	Administration		
	EDA	Delta	Safety
	16-17	16-17	16-17
<b>REVENUES</b>			
Federal and state grants	\$ 30,957	\$ 14,753	\$ 87,136
<b>EXPENDITURES</b>			
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Fringe benefits	1,807	125	2,769
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Miscellaneous	-	-	-
Supplies	-	-	-
Publications and printing	-	-	-
Registration and subscriptions	2,288	-	1,669
Postage	5	-	8
Advertising	-	-	-
Indirect expenses	247	-	-
Total expenditures	29,830	1,654	40,870
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Department of Transportation

<u>FTA RT</u> <u>16-17</u>	<u>FTA</u> <u>16-17</u>	<u>FHWA</u> <u>16-17</u>	<u>Total</u> <u>(Memo Only)</u>
\$ 13,483	\$ 39,100	\$ 206,324	\$ 391,753
4,700	9,247	96,549	168,218
341	704	6,946	12,692
-	150	25,736	25,886
157	304	2,407	8,582
-	-	31	31
-	-	-	-
-	-	-	-
723	492	7,577	12,749
-	-	5	18
-	189	1,093	1,282
-	112	98	457
<u>5,921</u>	<u>11,198</u>	<u>140,442</u>	<u>229,915</u>
<u>\$ 7,562</u>	<u>\$ 27,902</u>	<u>\$ 65,882</u>	<u>\$ 161,838</u>

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD  
Year Ended June 30, 2017

Agency Head Name: Cheri Soileau

The Officer herein is an Executive Officer and as such is an employee of the State of Louisiana. The payments are required to be disclosed per Act 706 for the fiscal year ended June 30, 2017, are as follows:

Gross salary	\$ 72,692
Benefits - insurance	-
Benefits - retirement	-
Conference and seminar fees	617

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

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

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

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. 2017-001 through 2017-002.

#### **Compliance and Other Matters**

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

#### **Imperial Calcasieu Regional Planning and Development Commission's Response to Findings**

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **Purpose of this Report**

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

This report is solely for the information and use of the members of the Imperial Calcasieu Regional Planning & Development Commission and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*M<sup>s</sup> Elroy, Quirk & Burch*

Lake Charles, Louisiana  
December 20, 2017

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES  
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
Year Ended June 30, 2017

SECTION I. Summary of Auditors' Results:

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness identified?

Yes  No

Control deficiencies identified not  
considered to be material weakness?

Yes  None reported

Noncompliance material to financial  
statements noted?

Yes  No

(continued on next page)

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES  
PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
Year Ended June 30, 2017  
(Continued)

SECTION II. Compliance and Internal Control over Financial Reporting:

A) Internal Control - Financial Statement Audit

2017-001            Lack of Segregation of Duties

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

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

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

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

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

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

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES  
PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
Year Ended June 30, 2017  
(Continued)

2017-002                    Controls over Financial Reporting

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

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

Effect:                      Material misstatements in financial statements could go undetected.

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

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

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
Year Ended June 30, 2017

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

2016-001	Lack of segregation of duties	Unresolved - See comment 2017-001 in Schedule of Current Year Findings
2016-002	Controls over financial reporting	Unresolved - See comment 2017-002 in Schedule of Current Year Findings

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the Imperial Calcasieu Regional Planning and Development Commission (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

*As of June 30, 2017, the Entity did not have written procedures that addressed this area. The Entity follows the State's Revised Statutes for its procedures.*

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

*As of June 30, 2017, the Entity did not have written procedures that addressed how vendors are added to the vendor list, controls to ensure compliance with the public bid law, or documentation required to be maintained for all bids and price quotes.*

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

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

*No exceptions noted.*

- d) **Receipts**, including receiving, recording, and preparing deposits

*As of June 30, 2017, the Entity did not have written procedures that addressed this area.*

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

*As of June 30, 2017, the Entity did not have written procedures that addressed payroll processing, or reviewing and approving time and attendance records, including overtime worked.*

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

*As of June 30, 2017, the Entity did not have written procedures that addressed this area. The Entity also follows federal guidelines as applicable.*

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

*As of June 30, 2017, the Entity did not have written procedures that addressed this area.*

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

*No exceptions noted.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*As of June 30, 2017, the Entity did not have written procedures that addressed this area.*

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

*As of June 30, 2017, the Entity did not have written procedures that addressed this area.*

***Board (or Finance Committee, if applicable)***

---

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

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

*No exceptions noted.*

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

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

*No exceptions noted*

*A formal plan to eliminate deficits was not necessary since the Entity's net position is positive.*

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

*No exceptions noted.*

***Bank Reconciliations***

---

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

*No exceptions noted.*

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

- a) Bank reconciliations have been prepared;

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

### ***Collections***

---

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

*No exceptions noted.*

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

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

*No exceptions noted.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*No exceptions noted.*

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*As of June 30, 2017, the Entity did not have written policies that addressed this area.*

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

---

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

*No exceptions noted*

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

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

*Of the 25 items selected, 25 disbursements did not utilize purchase orders. The Entity utilizes purchase orders for materials and supplies over \$100. The Entity also utilizes purchase orders for meals for board meetings. Of the 25 items selected, no items were subject to the Entity's purchase order requirements. The invoices selected do not have evidence of approval prior to payment; however, the Executive Director and a Board Member sign each check and review the invoice upon check signature.*

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

*Of the 25 items selected, 25 disbursements did not utilize purchase orders. The Entity utilizes purchase orders for materials and supplies over \$100. The Entity also utilizes purchase orders for meals for board meetings. Of the 25 items selected, no items were subject to the Entity's purchase order requirements. The invoices selected do not have evidence of approval prior to payment; however, the Executive Director and a Board Member sign each check and review the invoice upon check signature.*

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

*Of the 25 items selected, 25 disbursements did not utilize purchase orders. The Entity utilizes purchase orders for materials and supplies over \$100. The Entity also utilizes purchase orders for meals for board meetings. Of the 25 items selected, no items were subject to the Entity's purchase order requirements. The invoices selected do not have evidence of approval prior to payment; however, the Executive Director and a Board Member sign each check and review the invoice upon check signature.*

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

*The Entity does not have any controls in place to prohibit persons processing payments from editing the vendor list with the Entity's software.*

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

*The Executive Director can both sign checks and initiate purchases.*

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

*No exceptions noted*

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

*No exceptions noted*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

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

*No exceptions noted*

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

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

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

*No exceptions noted.*

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

*No exceptions noted*

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

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted*

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

*No exceptions noted*

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

*No exceptions noted*

## Travel and Expense Reimbursement

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

*No exceptions noted*

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

*No exceptions noted*

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

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

*The Entity had one instance of mileage reimbursement not using the standard mileage rate. This resulted in an overpayment of \$49.30.*

- b) Report whether each expense is supported by:

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

*No exceptions noted*

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

*No exceptions noted*

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

*No exceptions noted*

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

*No exceptions noted*

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

*The Entity did not have evidence of approval of five instances of mileage reimbursements by someone other than the person receiving reimbursement.*

### **Contracts**

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

*No exceptions noted*

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

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

*No exceptions noted*

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

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

*No exceptions noted*

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

*No exceptions noted*

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

*No exceptions noted*

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

*No exceptions noted*

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

*No exceptions noted*

### ***Payroll and Personnel***

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

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

*No exceptions noted*

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

*No exceptions noted*

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

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

*No exceptions noted*

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

*No exceptions noted*

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

*No exceptions noted*

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

*No exceptions noted*

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

*No exceptions noted*

#### ***Ethics (excluding nonprofits)***

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

*No exceptions noted*

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

*Not applicable*

#### ***Debt Service (excluding nonprofits)***

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

*Not applicable*

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

*Not applicable*

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

*Not applicable*

#### ***Other***

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

*Not applicable*

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

*No exceptions noted*

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

*No exceptions noted*

#### ***Management's Response and Corrective Action***

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

- a) **Written Policies and Procedures:** Procedure 1(a) – The Entity will develop a more detailed accounting policies manual that meets the criteria outlined in the SAUPS.
- b) **Written Policies and Procedures:** Procedure 1(b) – The Entity will develop a more detailed accounting policies manual that meets the criteria outlined in the SAUPS.
- c) **Written Policies and Procedures:** Procedure 1(d) – The Entity will develop a more detailed accounting policies manual that meets the criteria outlined in the SAUPS.
- d) **Written Policies and Procedures:** Procedure 1(e) – The Entity will develop a more detailed accounting policies manual that meets the criteria outlined in the SAUPS.
- e) **Written Policies and Procedures:** Procedure 1(f) – The Entity will develop a more detailed accounting policies manual that meets the criteria outlined in the SAUPS.
- f) **Written Policies and Procedures:** Procedure 1(g) – The Entity will develop a more detailed accounting policies manual that meets the criteria outlined in the SAUPS.
- g) **Written Policies and Procedures:** Procedure 1(i) – The Entity will develop a more detailed accounting policies manual that meets the criteria outlined in the SAUPS.
- h) **Written Policies and Procedures:** Procedure 1(j) – The Entity will develop a more detailed accounting policies manual that meets the criteria outlined in the SAUPS.
- i) **Collections:** Procedure 7 – The Entity will develop a more detailed accounting policies manual that meets the criteria outlined in the SAUPS.
- j) **Disbursements:** Procedure 9(a) – The Entity utilizes purchase orders for materials and supplies over \$100. The Entity also utilizes purchase orders for meals for board meetings.
- k) **Disbursements:** Procedure 9(b) – The Entity utilizes purchase orders for materials and supplies over \$100. The Entity also utilizes purchase orders for meals for board meetings. The Entity will also develop a policy whereby the Director initials each invoice for payments for items that do not fall under the current purchase order policy.
- l) **Disbursements:** Procedure 9(c) – The Entity utilizes purchase orders for materials and supplies over \$100. The Entity also utilizes purchase orders for meals for board meetings. The Director takes her responsibility to approve all invoices and similar documentation prior to check signing very seriously. All unsigned checks are accompanied by the applicable invoice and are

thoroughly reviewed prior to signature. As an additional control, all checks are dual signed along with a member of the Board. The Director will begin notating her approval via initial to satisfy this requirement.

- m) **Disbursements:** Procedure 10 – The Entity will consult with its software provider to determine the possibility of implementing this control over the Entity's approved vendor list.
- n) **Disbursements:** Procedure 11 – The Director will have the Board President approve any requests for purchases she wishes to make.
- o) **Travel and Reimbursement:** Procedure 19(a) – The Entity will more closely monitor that the approved rate is calculated for reimbursement.
- p) **Travel and Reimbursement:** Procedure 19(d) – The Entity will add an approval signature line to mileage reimbursement requests. Mileage reimbursement requests will be approved by someone other than the person receiving the reimbursement.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 for the information and use of the specified parties and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*M= Elroy, Quirk + Burch*

Lake Charles, Louisiana  
December 20, 2017