

Sabine Parish Tourist and Recreation Commission

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2016



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Eugene W. Fremaux II
Certified Public Accountant

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Sabine Parish Tourist and
Recreation Commission
Many, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Sabine Parish Tourist and Recreation Commission, as of and for the year ended December 31, 2016, 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 opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Sabine Parish Tourist and Recreation Commission as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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 the appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

We have applied certain limited procedures to the required budgetary comparison information (page 14) 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2017, on our consideration of Sabine Parish Tourist and Recreation Commission's internal control over financial reporting and our tests on its compliance with certain provision of laws, regulations, contracts 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.

A handwritten signature in black ink, appearing to read 'Eugene W. Fremaux II', with a long horizontal line extending to the right.

EUGENE W. FREMAUX II, CPA
June 6, 2017

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
STATEMENT OF NET POSITION

December 31, 2016

ASSETS

Current assets:

Cash	\$ 149,117
Investments	150,000
Receivables	50,259
Prepays	4,277
	353,653

Non-current assets:

Capital assets, net of accumulated depreciation	404,518
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TOTAL ASSETS	\$ 758,171
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LIABILITIES

Current liabilities:

Accounts payable	\$ 1,550
Other payables	3,340
	4,890

Non-current liabilities-note payable, non-current portion	-
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TOTAL LIABILITIES	4,890
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NET POSITION

Invested in capital assets	404,518
Unrestricted	348,763
	753,281
TOTAL NET POSITION	\$ 753,281

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Expenses	Charges for Services	Program revenues Operating grants and contributions	Capital grants and contributions	Net (Expense) Revenue and changes in Net assets Governmental Unit
<u>FUNCTIONS/PROGRAMS</u>					
Governmental activities:					
General government	\$ 515,905	\$ 6,000	\$ 251,480	\$ -	\$ (258,425)
Total governmental activities	<u>515,905</u>	<u>6,000</u>	<u>251,480</u>	<u>-</u>	<u>(258,425)</u>
General revenues:					
Hotel-motel tax					166,849
Interest					1,128
Miscellaneous					12,743
Total general revenues					<u>180,720</u>
Change in net position					(77,705)
Net position, beginning of year					<u>830,986</u>
Net position, end of year					<u><u>\$ 753,281</u></u>

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2016

ASSETS

Cash	\$ 149,117
Investments	150,000
Accounts receivable	50,259
Prepaid expenses	4,277
Total assets	<u>\$ 353,653</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 1,550
Other payables	<u>3,340</u>
Total liabilities	4,890
Fund balance - unassigned	<u>348,763</u>
Total liabilities and fund balance	<u>\$ 353,653</u>

SABINE PARISH TOURIST AND RECREATION COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

December 31, 2016

Total fund balances - Governmental Funds		\$ 348,763
Cost of capital assets at December 31, 2016	\$ 716,046	
Less accumulated depreciation at December 31, 2016	<u>(311,528)</u>	<u>404,518</u>
Total net position at December 31, 2016 - Governmental Activities		<u><u>\$ 753,281</u></u>

EXHIBIT E

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2016

Revenues:	
Hotel-motel tax	\$ 166,849
Louisiana sales tax appropriation	152,297
Rent income	6,000
Grants received	99,183
Miscellaneous income	12,743
Interest income	<u>1,128</u>
 Total revenues	 <u>438,200</u>
Expenditures:	
Advertising, printing and publicity	276,862
Personnel expenses	143,317
Office and postage	13,743
Insurance	6,602
Occupancy expenses	21,014
Collection fees	2,298
Dues	4,415
Capital outlay	3,302
Other	<u>21,646</u>
 Total expenditures	 <u>493,199</u>
Excess (deficiency) of revenues over (under) expenditures	 (54,999)
Fund balance, beginning of year	<u>403,762</u>
 Fund balance, end of year	 <u><u>\$ 348,763</u></u>

SABINE PARISH TOURIST AND RECREATION COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

December 31, 2016

Excess (deficiency) of revenues over expenditures		\$ (54,999)
Capital assets:		
Capital outlay capitalized	3,302	
Depreciation expense	<u>(26,008)</u>	<u>(22,706)</u>
Change in net position - Governmental Activities		<u><u>\$ (77,705)</u></u>

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

(1) Summary of significant accounting policies

The Sabine Parish Tourist and Recreation Commission, Many, Louisiana, was created in 1974 and operates as a political subdivision of the state of Louisiana under R.S. 33:4574 to promote tourism with Sabine Parish. The accounting and reporting practices of the Sabine Parish Tourist and Recreation Commission conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The following is a summary of the Commission's significant policies:

A. Reporting Entity

This report includes all funds which are controlled by or dependent on the Commission. Control by or dependence on the Commission was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. Based on this criteria, there is no other governmental body that should be included in these statements.

B. Fund Accounting

The accounts of the Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are grouped in this report into one generic fund type and one broad fund category as follows:

Governmental Fund Type:

General Fund - The general fund is the general operating fund of the Commission. It is used to account for all financial resources of the Commission.

C. Basis of Accounting

Government wide financial statements

The government wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

recognized when the exchange occurs (regardless of when cash is received or disbursed). Program revenues included in the Statement of Activities derive directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the Commission's general revenues.

Fund financial statements

The general fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become available as net current assets. Tariff fees, intergovernmental revenues, and interest are accrued when their receipt occurs soon enough after the end of the accounting period to be both measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The Commission applies all applicable GASB pronouncements in accounting and reporting for its government-wide financial statements.

D. Budget Practices

The Commission prepares and adopts an annual budget, the dollar amounts being allocated to the various expenditure categories based upon the total amount of anticipated revenues. The Commission amends the budget as appropriate. Budget appropriations lapse at the end of each year.

E. Capital Assets

All capital assets are capitalized at historical cost. The Commission maintains a threshold level of \$2,500 or more for capitalizing capital assets. Capital assets are recorded in the basic financial statements, but are not reported in the fund financial statements. All capital assets are depreciated using the straight-line method over their estimated useful lives, which vary from 5 to 40 years.

F. Use of Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

(2) Pending litigation

The Sabine Parish Tourist and Recreation Commission is not involved in any litigation at December 31, 2016.

(3) Tax revenue

The Commission is authorized to levy and collect sales taxes at the rate of 3% of certain sales by tourist enterprises. Effective July 1, 1996 the Commission replaced the sales tax ordinance as adopted by the Sabine Parish Police Jury on July 17, 1974 with an ordinance to collect a 3% occupancy tax within the framework provided by Act No. 47 of the 1995 Regular Session of the Louisiana Legislature. During the year ended June 30 1993, the Commission entered into an agreement with the Sabine Parish Sales and Use Tax Commission (Tax Commission) to authorize the Tax Commission to collect the occupancy tax beginning February 1, 1993.

During the year ended December 31, 2016, the Commission received certain appropriated sales tax revenues from Louisiana.

(4) Rental income

Beginning May 1, 2010, the Louisiana House of Representatives began renting office space from the Commission for \$500 per month.

(5) Accounts receivable

At December 31, 2016, receivables of \$50,259 consisted of \$9,564 due from the Sabine Parish Sales Tax Commission, \$40,623 due from the state of Louisiana, and \$72 due from others.

(6) Leases

The Sabine Parish Tourist and Recreation Commission is not involved in any capital or long-term operating leases at December 31, 2016.

(7) Cash and investments

Louisiana Revised Statutes authorize the Commission to invest in United States bonds, treasury notes or certificates, time certificates of deposit, or any other federally insured investment. Investments are stated at cost, which approximates market value. Of the total of \$298,817 in cash deposited in demand and time deposits as of December 31, 2016, \$250,000 was secured through federal depository insurance and \$48,817 was secured by the pledge of securities owned by the depository bank. These securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties. These secured

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

bank deposits are considered uncollateralized under the provisions of GASB Statement 3; however, Louisiana Revised Statutes require the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Commission that the pledging bank has failed to pay deposited funds upon demand.

(8) Changes in general fixed assets

Capital assets and related depreciation activity for the year ended December 31, 2016, are as follows:

	Beginning of year	Additions	Deductions	End of year
<u>Cost of capital assets:</u>				
Land	\$ 55,823	\$ -	\$ -	\$ 55,823
Land improvements	324,008	-	-	324,008
Building	247,570	-	-	247,570
Equipment	65,556	3,302	-	68,858
Furniture	19,787	-	-	19,787
	<u>712,744</u>	<u>3,302</u>	<u>-</u>	<u>716,046</u>
<u>Accumulated depreciation:</u>				
Land improvements	144,808	15,020	-	159,828
Building	71,174	6,189	-	77,363
Equipment	51,550	4,419	-	55,969
Furniture	17,988	379	-	18,367
	<u>285,520</u>	<u>26,007</u>	<u>-</u>	<u>311,527</u>
Capital assets, net of accumulated depreciation	<u>\$ 427,224</u>	<u>\$ (22,705)</u>	<u>\$ -</u>	<u>\$ 404,519</u>

(9) Compensation of directors

The directors received no compensation or per diem during the year ended December 31, 2016.

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2016
(unaudited)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:				
Hotel-motel tax	\$ 160,000	\$ 155,000	\$ 166,849	\$ 11,849
Louisiana appropriation	155,000	150,000	152,297	2,297
Rent income	6,000	6,000	6,000	-
Grants received	118,638	95,888	99,183	3,295
Miscellaneous income	6,800	12,256	12,743	487
Interest income	1,200	1,200	1,128	(72)
Total revenues	<u>447,638</u>	<u>420,344</u>	<u>438,200</u>	<u>17,856</u>
Expenditures:				
General government:				
Advertising and publicity	281,941	298,246	276,862	21,384
Personnel expenses	151,500	151,500	143,317	8,183
Office and postage	11,320	14,620	13,743	877
Insurance	6,300	6,300	6,602	(302)
Occupancy expenses	20,000	20,000	21,014	(1,014)
Collection fees	1,300	1,500	2,298	(798)
Dues	5,480	5,480	4,415	1,065
Capital outlay	-	-	3,302	(3,302)
Other	38,200	22,658	21,646	1,012
Total expenditures	<u>516,041</u>	<u>520,304</u>	<u>493,199</u>	<u>27,105</u>
Excess (deficiency) of revenues over (under) expenditures	(68,403)	(99,960)	(54,999)	44,961
Fund balance, beginning	<u>403,762</u>	<u>403,762</u>	<u>403,762</u>	<u>-</u>
Fund balance, ending	<u>\$ 335,359</u>	<u>\$ 303,802</u>	<u>\$ 348,763</u>	<u>\$ 44,961</u>

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD
YEAR ENDED DECEMBER 31, 2016

Agency Head: Linda-Curtis Sparks

<u>Purpose</u>	<u>Amount</u>
Salary	\$62,724
Benefits-retirement	1,882
Reimbursements	1,083
Travel	808
Registration fees	145
Conference travel	<u>670</u>
Total	<u>\$67,312</u>

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

SABINE PARISH TOURIST AND RECREATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2016

CURRENT YEAR FINDINGS (December 31, 2016)

None

PRIOR YEAR FINDINGS (December 31, 2015)

None

Eugene W. Fremaux II

Certified Public Accountant

P. O. Box 134 270 Marthville Road

Many, Louisiana 71449

318-256-0332

FAX 318-256-0389

fremaux@bellsouth.net

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

The Board of Directors
Sabine Parish Tourist and Recreation Commission
Many, 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 Sabine Parish Tourist and Recreation Commission, Many, Louisiana, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 6, 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. 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.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters 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 Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended purpose of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read 'Eugene W. Fremaux II', with a horizontal line extending to the right from the end of the signature.

EUGENE W. FREMAUX II, CPA
June 6, 2017