

ALLEN PARISH TOURIST COMMISSION
ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORTS
Year Ended December 31, 2017

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ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

Within this section of the Allen Parish Tourist Commission (Commission) annual financial report, the Commission's management is pleased to provide this narrative discussion and analysis of the financial activities of the Commission for the fiscal year ended December 31, 2017. The Commission's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Commission's assets exceeded its liabilities by \$1,358,081 (net position) for the fiscal year reported.
- Total revenues of \$510,864 were less than total expenditures of \$314,660, which resulted in a current year surplus of \$196,204, compared to a prior year surplus of \$13,156.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets, net of related debt, of \$1,182,421 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets.
 - (2) Unrestricted net position of \$175,660.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was 48% of total general fund expenditures and 34% of total general fund revenues.
- Overall, the Commission continues to maintain a solid financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Commission's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Commission also includes in this report additional information to supplement the basic financial statements.

ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

Government-wide Financial Statements

The Commission's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Commission's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Commission's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission as a whole is improving or deteriorating. Evaluation of the overall health of the Commission would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Commission's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Commission's distinct activities or functions on revenues provided.

The government-wide financial statements are presented on pages 13 through 14 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Commission uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Commission's most significant funds rather than the Commission as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Commission uses governmental funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Commission's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 16 through 19 of this report.

ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Commission's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the Commission's adopted and final revised budget. Required supplemental information can be found on page 29 of this report.

Financial Analysis of the Commission as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Commission as a whole.

The Commission's net position at fiscal year-end are \$1,358,081. The following table provides a summary of the District's net position:

	<u>2017</u>		<u>2016</u>	
Assets:				
Current assets and other assets	\$ 285,471	19%	\$ 154,666	12%
Capital assets	<u>1,182,421</u>	<u>81</u>	<u>1,129,682</u>	<u>88</u>
Total assets	<u>1,467,892</u>	<u>100%</u>	<u>1,284,348</u>	<u>100%</u>
Deferred outflows of resources	<u>-</u>	<u>100%</u>	<u>-</u>	<u>100%</u>
Liabilities:				
Current liabilities	<u>109,811</u>	<u>100%</u>	<u>122,471</u>	<u>100%</u>
Total liabilities	<u>109,811</u>	<u>100%</u>	<u>122,471</u>	<u>100%</u>
Deferred outflows of resources	<u>-</u>	<u>100%</u>	<u>-</u>	<u>100%</u>
Net position:				
Investment in capital assets, net of debt	1,182,421	87%	1,129,682	97%
Restricted	-	-	758	-
Unrestricted	<u>175,660</u>	<u>13</u>	<u>31,437</u>	<u>3</u>
Total net position	<u>\$ 1,358,081</u>	<u>100%</u>	<u>\$ 1,161,877</u>	<u>100%</u>

ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

The Commission continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 2.6 to 1 (1.3 for 2016).

Note that approximately 87% (97% for 2016) of the governmental activities' net position are tied up in capital assets. The Commission uses these capital assets to provide services to its citizens.

Overall, the Commission reports net position of \$1,358,081. This amount is \$196,204 more than last year. The Commission's overall financial position has improved during fiscal year 2017.

The following table provides a summary of the Commission's changes in net position:

Revenues:	<u>2017</u>		<u>2016</u>	
Program:				
Hotel/Motel Use Tax	\$ 183,234	36%	\$ 154,985	68%
Capital Grants	313,942	62	68,397	30
General:				
Interest	313	-	230	-
Miscellaneous	<u>13,375</u>	<u>2</u>	<u>4,293</u>	<u>2</u>
Total Revenues	<u>510,864</u>	<u>100%</u>	<u>227,905</u>	<u>100%</u>
Program expenses:				
Tourism Administration	314,660	100%	214,125	100%
Interest	<u>-</u>	<u>-</u>	<u>624</u>	<u>-</u>
Total Expenses	<u>314,660</u>	<u>100%</u>	<u>214,749</u>	<u>100%</u>
Change in net position	196,204		13,156	
Beginning net position	<u>1,161,877</u>		<u>1,148,721</u>	
Ending net position	<u>\$1,358,081</u>		<u>\$ 1,161,877</u>	

Governmental Revenues

The Commission is heavily reliant on hotel/motel use taxes. These taxes provided 93% (97% for 2016), excluding grants, of the Commission's revenues during the current year.

Governmental Functional Expenses

The total function of the Commission is to promote tourism in Allen Parish. The only other non-functional cost is interest expense related to the outstanding obligations of long-term debt. Of the total cost, depreciation on the equipment was \$37,901 or 12% of total expenses, \$37,233 or 17% for 2016.

ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

Financial Analysis of the Commission's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an ending fund balance of \$175,660, of which \$159,313 is unassigned.

The excess of expenditures over revenues for the governmental funds show a surplus of \$143,465 compared to a loss of \$50,203 for the prior year.

Budgetary Highlights

The General Fund – When the original budget was adopted, it was anticipated that the total revenues were going to be \$62,695 more than the previous fiscal year, mainly due to a increase in intergovernmental revenues. The total budgeted expenditures were anticipated to be \$2,827 more than the previous year's actual expenditures, mainly due to contract labor. The budget was amended once during the year, the revenues mainly for a increase in intergovernmental revenues of \$20,000 and the expenditures an increase of \$47,700, mainly for an increase in capital outlay.

Capital Assets and Debt Administrators

Capital assets

The Commission's investment in capital assets, net of accumulated depreciation as of December 31, 2017, was \$1,182,421. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2017</u>	<u>2016</u>
Non-depreciable assets-land	\$ 109,831	\$ 109,831
Non-depreciable assets-museum artifacts	12,936	12,936
Construction in progress	187,076	151,436
Depreciable assets:		
Equipment	63,082	63,082
Furniture & fixtures	203,561	203,561
Buildings	829,219	774,219
Improvements	<u>108,892</u>	<u>108,892</u>
Total depreciable assets	1,204,754	1,149,754
Less accumulated depreciation	<u>332,176</u>	<u>294,275</u>
Book value-depreciable assets	<u>\$ 872,578</u>	<u>\$ 855,479</u>
Percentage depreciated	<u>28%</u>	<u>26%</u>
Book value-all assets	<u>\$1,182,421</u>	<u>\$1,129,682</u>

Construction in progress at December 31, 2017 of \$187,076 represents cost for the Myths and Legends Byway project. The total final cost is expected to be \$550,000, funded mostly by state and local grants, with the Commission's cost expected to be \$30,000. Completion is expected in 2018.

ALLEN PARISH TOURIST COMMISSION

Management's Discussion and Analysis

Economic Conditions Affecting the Commission

Since the primary revenue stream for the Commission is hotel/motel taxes, the Commission tax revenues are subject to changes in the economy.

Contacting the Commission's Financial Management

This financial report is designed to provide a general overview of the Commission's finances, comply with finance-related laws and regulations, and demonstrate the Commission's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Director of the Commission, Adagria A. Haddock, at (337) 639-4868.



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INDEPENDENT AUDITORS' REPORT

June 19, 2018

Board of Commissioners
Allen Parish Tourist Commission
Oberlin, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Allen Parish Tourist Commission, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 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 the 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion 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 of 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 principles used and the reasonableness of significant 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.

Opinion

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 Allen Parish Tourist Commission as of December 31, 2017, and the respective changes of financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allen Parish Tourist Commission's basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer is presented for purpose of additional analysis and is not a required part of the basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer is the responsibility of management and was 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, the schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018 on our consideration of the Allen Parish Tourist Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

ALLEN PARISH TOURIST COMMISSION

Statement of Net Position

December 31, 2017

ASSETS	
Cash	\$ 62,102
Taxes receivable	14,823
Prepaid expenses	196
Due from intergovernmental	8,200
Due from others	200,000
Security deposits	150
Capital assets, net	1,182,421
Total assets	<u>1,467,892</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable	24,663
Payroll taxes payable	1,763
Unearned revenue	83,385
Total liabilities	<u>109,811</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Net investment in capital assets, net of related debt	1,182,421
Unrestricted	175,660
	<u>\$ 1,358,081</u>

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

ALLEN PARISH TOURIST COMMISSION

Statement of Activities

Year Ended December 31, 2017

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position</u> Governmental <u>Activities</u>
		<u>Hotel/Motel Use Tax</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:				
Tourism Administration	\$ 314,660	\$ 183,234	\$ 313,942	\$ 182,516
Total	<u>\$ 314,660</u>	<u>\$ 183,234</u>	<u>\$ 313,942</u>	<u>182,516</u>
		General revenues:		
			Miscellaneous	13,375
			Interest	313
			Total general revenues	<u>13,688</u>
			Change in net position	196,204
			Net position - beginning	<u>1,161,877</u>
			Net position - ending	<u>\$ 1,358,081</u>

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

FUND FINANCIAL STATEMENTS (FFS)

ALLEN PARISH TOURIST COMMISSION

Balance Sheet - Governmental Funds

December 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 62,102	\$ 108,146
Taxes receivable	14,823	9,482
Due from intergovernmental	8,200	36,692
Due from others	200,000	-
Prepaid expenses	196	196
Security deposits	150	150
TOTAL ASSETS	<u>285,471</u>	<u>154,666</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 285,471</u>	<u>\$ 154,666</u>
LIABILITIES		
Liabilities		
Accounts payable	\$ 24,663	\$ 25,621
Unearned revenue	83,385	95,165
Payroll taxes payable	1,763	1,685
Total Liabilities	<u>109,811</u>	<u>122,471</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
FUND BALANCES:		
Restricted	-	758
Assigned	16,347	31,492
Unassigned	159,313	(55)
Total Fund Balances	<u>175,660</u>	<u>32,195</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 285,471</u>	<u>\$ 154,666</u>

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

ALLEN PARISH TOURIST COMMISSION

Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Position

December 31, 2017

Total fund balance for governmental fund at December 31, 2017		\$ 175,660
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 109,831	
Museum Artifacts non-depreciable	12,936	
Construction in progress	187,076	
Capital assets, net of \$332,176 accumulated depreciation	<u>872,578</u>	<u>1,182,421</u>
Total net position of governmental activities at December 31, 2017		<u>\$1,358,081</u>

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

ALLEN PARISH TOURIST COMMISSION

Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund

Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUES		
Hotel/Motel use tax	\$ 183,234	\$ 154,985
Interest	313	230
Intergovernmental	27,042	68,397
Grants	286,900	-
Miscellaneous income	13,375	4,293
TOTAL REVENUES	<u>510,864</u>	<u>227,905</u>
EXPENDITURES		
Current		
Advertising	67,562	16,198
Bank fees	4,166	26
Dues	761	1,120
Employee benefits	7,590	4,289
Insurance	9,987	10,427
Payroll taxes	7,643	5,033
Per diem - board members	3,650	3,500
Professional fees	8,105	7,230
Promotions	14,446	5,655
Rent	4,098	2,782
Repairs and maintenance	23,552	13,039
Salaries	78,515	70,877
Supplies	16,628	13,896
Telephone	6,973	8,322
Training and education	215	920
Travel	3,716	5,252
Utilities	19,152	8,326
Capital Outlay	90,640	71,592
Debt Service		
Principal retirement	-	29,000
Interest	-	624
TOTAL EXPENDITURES	<u>367,399</u>	<u>278,108</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	143,465	(50,203)
FUND BALANCE - BEGINNING	<u>32,195</u>	<u>82,398</u>
FUND BALANCE - ENDING	<u>\$ 175,660</u>	<u>\$ 32,195</u>

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

ALLEN PARISH TOURIST COMMISSION

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended December 31, 2017

Total net changes in fund balances at December 31, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 143,465
The change in net position reported for governmental activities in the Statement of Activities different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 90,640	
Depreciation expense for the year ended December 31, 2017	<u>(37,901)</u>	<u>52,739</u>
Total changes in net position at December 31, 2017 per Statement of Activities		<u>\$ 196,204</u>

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

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Allen Parish Tourist Commission was created by the Allen Parish Police Jury under LSA-RS 33:4574. The Commission is governed by a board of seven commissioners who are appointed by the Allen Parish Police Jury. The Commission has as its purpose the promotion of tourism within Allen Parish.

The accounting and reporting policies of the Allen Parish Tourist Commission, conform to generally accepted accounting principles as applied to governments. Such accounting and reporting procedures conform to the requirements of the industry audit guide, Audits of State and Local Governments. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Allen Parish Tourist Commission includes all funds, account groups, et cetera, that are within the oversight responsibility of the Allen Parish Tourist Commission.

As the governing authority, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- I. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Allen Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Allen Parish Police Jury.
- II. Organizations for which the Allen Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Allen Parish Police Jury.
- III. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, Allen Parish Tourist Commission is a component unit of the Allen Parish Police Jury's reporting entity.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

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

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the Allen Parish Tourist Commission as a whole. These statements include all the financial activities of the Allen Parish Tourist Commission's office. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Allen Parish Tourist Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include hotel/motel use tax. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

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

General Fund:

The general operating fund of the Commission and accounts for all financial resources, except those required to be accounted for in another funds.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is the reconciled, through adjustment, to a government-wide view of Allen Parish Tourist Commission operations. Basis of accounting refers to when revenues and expenditures 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 amounts reflected in the governmental funds use the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Allen Parish Tourist Commission considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Those revenues susceptible to accrual are hotel/motel tax and interest.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Capital expenditures are regarded as expenditures at the time purchased.

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

4. Cash

For reporting purposes, cash includes demand deposits, time deposits, and certificates of deposit. Under state law, the Allen Parish Tourist Commission may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2017, the Commission has cash equivalents (book balances) totaling \$62,102 in interest-bearing demand deposit accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting book balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties (GASB Category 3). At December 31, 2017, the Commission has \$82,568 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance

5. Budget

A general fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. Expenditures may not legally exceed budgeted appropriations at the activity level.

The final budget for 2017 includes the original budget and one amendment during the year.

6. Accounts Receivable

Allen Parish Tourist Commission utilizes the allowance method to recognize doubtful accounts for taxes receivable. The allowance for doubtful accounts at December 31, 2017 was \$0.

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

At December 31, 2017 the Commission had other receivables of \$200,000 due from BP.

7. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The Allen Parish Tourist Commission maintains a threshold level of \$500 or more for capitalizing capital assets.

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

	<u>Estimated Useful Lives</u>
Equipment	5-60 Years
Furniture & fixtures	7-60 Years
Buildings	40-60 Years
Improvements	15-60 Years

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

8. Equity Classification

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

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

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on generally outside actions.
- b. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions. At December 31, 2017, \$31,492 was assigned to Kiosk development and Myths and Legends projects.
- c. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

9. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Subsequent Events

Management has evaluated subsequent events through June 19, 2018, the date the financial statements were available to be issued.

11. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of changes in the Commission's financial position and operations.

NOTE B - HOTEL/MOTEL TAXES

Allen Parish Tourist Commission is authorized to levy and collect a tax upon the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the jurisdiction of the Allen Parish Tourism Commission not to exceed three percent of the rent or fee charged for such occupancy.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	12/31/16 <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	12/31/17 <u>Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land costs	\$ 109,831	\$ -	\$ -	\$ 109,831
Museum artifacts	12,936	-	-	12,936
Construction in progress	151,436	35,640	-	187,076
Other capital assets:				
Equipment	63,082	-	-	63,082
Furniture & fixtures	203,561	-	-	203,561
Buildings	774,219	55,000	-	829,219
Improvements	<u>108,892</u>	<u>-</u>	<u>-</u>	<u>108,892</u>
Total	<u>1,423,957</u>	<u>90,640</u>	<u>-</u>	<u>1,514,597</u>
Less: Accumulated Depreciation				
Equipment	30,287	6,108	-	36,395
Furniture & fixtures	46,043	12,677	-	58,720
Buildings	184,104	16,326	-	200,430
Improvements	<u>33,841</u>	<u>2,790</u>	<u>-</u>	<u>36,631</u>
Total	<u>294,275</u>	<u>37,901</u>	<u>-</u>	<u>332,176</u>
Net capital assets	<u>\$ 1,129,682</u>	<u>\$ 52,739</u>	<u>\$ -</u>	<u>\$ 1,182,421</u>

Depreciation expense in the amount of \$37,901 was charged to tourism administration. The Leatherwood Foundation donated a large number of small artifacts to the Commission during 2006. The Commission utilized certain experts to value many of the artifacts. Many of the artifacts were of nominal or indeterminable value. These items included newspaper clippings, photographs, scrapbooks, military medals, old dental paraphernalia, artwork, collectibles, and a myriad of smaller items. These items were not capitalized because there was neither a readily determinable market nor any practical valuation methods. The Commission has inventoried these items and they are on display in the museum.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2017

NOTE C - CAPITAL ASSETS – CONTINUED

Construction in progress at December 31, 2017 of \$187,076 represents cost for the Myths and Legends Byway project. The total final cost is expected to be \$550,000, funded mostly by state and local grants, with the Commission's cost expected to be \$30,000. Completion is expected in 2018.

NOTE D – COMPENSATED ABSENCES

Full time employees receive sick leave at a rate of 96 hours per year. Sick leave expires at the end of each fiscal year and has not been accrued in the financial statements. Full time employees also receive annual leave based upon length of employment. The annual leave becomes available to employees on the anniversary date of each work year. Annual leave is paid to employees upon termination of employment or retirement. Annual leave also expires at the end of each fiscal year and has not been accrued in the financial statements. Employees earn annual leave as follows:

1 Year	5 Days
2-9 Years	10 Days
10+ Years	15 Days

Accrued leave payable was \$0 for the year ended December 31, 2017.

NOTE E - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F – PER DIEM

Per diem paid commissioners for the year ended December 31, 2017 were as follows:

Mike Karam	\$	600
Betty Clement		400
Wilma Hargrove		600
Martha Turner		550
Keith Guillory		500
Glenn Bledsoe		550
Odessa House		450
		<u>\$ 3,650</u>

NOTE G – UNEARNED REVENUE

In March 2010 the Commission was awarded the "Myths and Legends Byway" grant for \$402,712. The grant will be expended over a three year period. The grant has a 20% matching component, to which Allen, Beauregard, and Vernon Parish Tourist Commissions have agreed to share evenly. Therefore, the cost to Allen Parish Tourist Commission will be \$26,847 over the three year period. Unearned revenue of \$43,385 represents grant/matching funds received through December 31, 2017 that have not been spent.

ALLEN PARISH TOURIST COMMISSION

Notes to Financial Statements

December 31, 2017

NOTE G – UNEARNED REVENUE – CONTINUED

The Commission also received \$40,000 from the Allen Parish Police Jury to enlarge the Kinder Welcome Center. The funds remaining at December 31, 2017 are \$40,000, included in unearned revenue, and are expected to be spent in 2018.

NOTE H – OPERATING LEASES

The Commission leases a copier whose lease expires December 2019. Lease expense was \$4,098 for 2017.

Minimum lease payments on long-term operating leases by year, and in aggregate, are as follows:

<u>Year Ended</u>	
December 31, 2018	2,372
December 31, 2019	2,175

REQUIRED SUPPLEMENTAL INFORMATION

ALLEN PARISH TOURIST COMMISSION

Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Hotel/Motel use tax	\$ 180,000	\$ 180,000	\$ 183,234	\$ 3,234
Interest	600	600	313	(287)
Intergovernmental	110,000	130,000	27,042	(102,958)
Grants	-	-	286,900	286,900
Miscellaneous income	-	-	13,375	13,375
TOTAL REVENUES	<u>290,600</u>	<u>310,600</u>	<u>510,864</u>	<u>200,264</u>
EXPENDITURES				
Current				
Advertising	7,000	81,600	67,562	14,038
Bank fees	35	35	4,166	(4,131)
Contract labor	110,000	-	-	-
Dues	500	500	761	(261)
Employee benefits	5,000	7,000	7,590	(590)
Insurance	12,100	10,000	9,987	13
Payroll taxes	8,000	8,000	7,643	357
Per diem - board members	4,200	4,200	3,650	550
Professional fees	6,500	8,000	8,105	(105)
Promotions	7,300	14,300	14,446	(146)
Rent	3,000	3,000	4,098	(1,098)
Repairs and maintenance	4,800	8,500	23,552	(15,052)
Salaries	80,200	80,200	78,515	1,685
Supplies	10,200	17,200	16,628	572
Telephone	6,500	8,500	6,973	1,527
Training and education	500	500	215	285
Travel	4,000	4,000	3,716	284
Utilities	11,000	18,000	19,152	(1,152)
Capital Outlay	100	55,100	90,640	(35,540)
TOTAL EXPENDITURES	<u>280,935</u>	<u>328,635</u>	<u>367,399</u>	<u>(38,764)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,665	(18,035)	143,465	161,500
FUND BALANCE - BEGINNING	<u>32,195</u>	<u>32,195</u>	<u>32,195</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 41,860</u>	<u>\$ 14,160</u>	<u>\$ 175,660</u>	<u>\$ 161,500</u>

OTHER INFORMATION

ALLEN PARISH TOURIST COMMISSION

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended December 31, 2017

Chief Executive Officer: Adagria Haddock, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 37,920
Benefits-insurance(HSA)	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	600
Reimbursements	363
Travel	721
Registration fees	883
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.
BLAKE MANUEL, C.P.A.

**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**

June 19, 2018

Allen Parish Tourist Commission
Oberlin, 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 Allen Parish Tourist Commission, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2017, 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 19, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allen Parish Tourist 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 instances of noncompliance or others matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses.

145 East Street • Lake Charles, LA 70601

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Allen Parish Tourist Commission's Response to Findings

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

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable of any other purpose. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Dragan, Casiday & Guillory

ALLEN PARISH TOURIST COMMISSION

Schedule of Findings and Responses

Year Ended December 31, 2017

1. Summary of Auditors' Results:

Type of auditors' opinion issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Control deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding #2017-001:

Budgetary Authority and Control

Condition: Inadequate budgeting procedures resulted in expense being over budget by 5% or more.

Criteria: Inadequate budgeting procedures.

Effect: Violation of Louisiana Revised Statute 39:1310.

Cause: Administrative lack of oversight.

Recommendation: The Commission should review actual revenues and expenses on an interim basis and amend the budget if necessary.

Corrective Action Planned/Management Response: The Commission agrees with the finding and will implement the recommendations. The violation is directly related to capital outlay expenditures and not operating expenditures

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Audit Findings

None



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INDEPENDENT AUDITORS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

June 19, 2018

Board of Commissioners
Allen Parish Tourist Commission
Oberlin, Louisiana

We have performed the procedures included enumerated below, which were agreed to by the Allen Parish Tourist Commission and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP's) for the year ended December 31, 2017. The Authority's management is responsible for those C/C areas identified in the SAUP's.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below 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 Authority'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 Authority does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
The District does not have a complete written policies and procedures manual.
 - b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
The District does not have a complete written policies and procedures manual.
 - c) *Disbursements*, including processing, reviewing, and approving.
The District does not have a complete written policies and procedures manual.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

- 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 Authority's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board minutes for the fiscal year, and:

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

The minutes reflected that the managing board met monthly in accordance with enabling legislation.

- 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 Authority'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 year reflect that the board is monitoring the plan.

The minutes did not reference any budget-to-actual comparisons. The district did not have any deficit spending.

- 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 year.

Minutes, where applicable, contained approval of non-budgetary financial information.

Bank Reconciliations

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

The listing was provided by management.

4. Using the listing provided by management, select all of the Authority'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 year and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for all of the selected bank accounts for all months in the fiscal year.

- 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

There is no documentation that a member of management or a board member has reviewed each bank reconciliation.

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

There were no outstanding items older than 6 months.

Collections

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

The listing was provided by management.

6. Using the listing provided by management, select all of the Authority'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.

The employees accepting payments are bonded. The employee who collects cash is also responsible for depositing, recording and reconciling. Cash register/drawers are not maintained by the District..

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

The District has a formal process to reconcile cash collections to the subsidiary ledger and to the general ledger by revenue source by a person who is also responsible for cash collections.

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

- Using Authority 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.

All deposits were made the within one business day.

- 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 evidence of exceptions was found during the testing.

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

The District does not have a written process; however, reconciliations are performed by the person responsible for collections.

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

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

The listing was provided by management.

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 Authority 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:

Randomly selected 25 disbursements and obtained supporting documentation for each transaction.

- 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.

The District does not use a requisition/purchase order system.

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

The District does not use a requisition/purchase order system.

- 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.

All 25 disbursement invoices were accompanied by an invoice approved by management.

10. Using Authority 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 Authority's purchasing/disbursement system.

The individual responsible for processing payment is not prohibited from adding vendors to the system.

11. Using Authority 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 individuals with signatory authority and authorization for disbursements do not have responsibility to initiate or record purchases.

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

The District's checks are not electronically written. Unused checks are not locked in a secure location. The person with signing authority also has access to the checks.

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.

The District does not use a signature stamp. Checks are maintained under the control of the signer or authorized user until mailed.

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.

The list was provided by management

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Authority has less than 10 cards) that were used during the fiscal year, 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.)]

There was no evidence that monthly statements were reviewed and approved by someone other than the authorized card holder.

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

Finance charges and/or late fees were assessed on three of the twelve selected statements.

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).

An original itemized receipt was supported on 30 of the 32 transactions for the month tested.

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

Each supported transaction tested had the business/public purpose documented.

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

All documentation required by policy is in compliance.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Authority'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 were noted.

c) For each transaction, compare the Authority'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.

Each supported transaction tested had the business/public purpose documented.

Travel and Expense Reimbursement

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

The listing was provided by management.

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

The District reimburses per diem and mileage at amounts less than the GSA rates.

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 Authority does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

For the expense reimbursements tested, those did not exceed the GSA rates.

- 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.]

Each expense was reimbursed based on an actual receipt or the established per diem amount.

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

Each expense was supported by documentation of business/public purpose.

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

All documentation appeared to be in order.

- c) Compare the Authority's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation

of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The District's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.

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

Each expense tested was supported by documentation, however, there was no approval in writing by someone other than the person receiving reimbursement.

Contracts

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

The listing was provided by management.

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.

Of the five highest paid vendors, one did not have a formal/written contract. However, invoices were present for each payment.

- 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 Authority complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The contracts/vendors complied with public bid law when applicable.

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

Solicited quotes were not obtained.

- 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.

The contracts were not amended.

- 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.

Payments complied with the invoices/contracts.

- 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).

Documentation provided reflected approval by the Board.

Payroll and Personnel

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

The listing was provided by management.

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

All selected employees were paid in strict accordance with the approved pay rate structure.

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

There were no changes in payrates/salaries during the year.

- 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 Authority 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.)

All employees/officials did not document their daily attendance and leave.

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

All employees/officials' leave was not approved in writing.

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

The District did not maintain written leave records reflecting the hours earned, the hours used, and the balance available.

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 employees/officials were terminated in 2017.

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.

Documentation reflected that payroll tax returns were timely filed and paid. The District does not have retirement.

Ethics

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 Authority maintained documentation to demonstrate that required ethics training was completed.

Ethics training documentation only maintained for one employee.

27. Inquire of management whether any alleged ethics violations were reported to the Authority 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 Authority's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management was not notified of any alleged or actual ethics violations during the fiscal period.

Debt Service

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

No debt was issued during the fiscal year.

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

The District does not have debt.

30. If the Authority 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.

The District does not have debt.

Other

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

Management informed us that the District did not have any misappropriation of public funds or assets during the fiscal year.

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

The District did have the required notice posted in a conspicuous place upon its premises.

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

The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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 SAUP's. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Gragson, Casiday & Deallory