

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT
FINANCIAL REPORT
DECEMBER 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/4/10

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT
Lake Charles, Louisiana
December 31, 2009

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CREOLE NATURE TRAIL SCENIC
BYWAY DISTRICT

December 31, 2009

COMMISSIONERS

Monte Hurley - Chairman
Sammie Faulk - Vice-Chairman
Shelley Johnson - Secretary/Treasurer
Jimmy Brown - Board Member
Michael Dees - Board Member
Paul Guillory - Board Member
Robert Henningan (or his designee) - Board Member
Karlton Styron - Board Member
Carolyn Thibodeaux - Board Member

McELROY, QUIRK & BURCH

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02122.000 Audit 12/31/2009 1300.001 Financial report

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Mollie C. Broussard, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
Billy D. Fisher, CPA
Joe G. Peshoff, II, CPA, CVA

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David M. DesOrmeaux, CPA
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Judson J. McCann, Jr., CPA, Retired
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Carl W. Comeaux, CPA, Retired
Gus W. Schram, III, CPA, CVA, Retired

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MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Commissioners
Creole Nature Trail
Scenic Byway District
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Creole Nature Trail Scenic Byway District as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of Creole Nature Trail Scenic Byway District's management. 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 *Governmental 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Creole Nature Trail Scenic Byway District as of December 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2010 on our consideration of the Creole Nature Trail Scenic Byway District 's internal control over financial reporting and our test 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 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* and is important for assessing the results of our audit.

The District has not prepared management's discussion and analysis that the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Creole Nature Trail Scenic Byway District's basic financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Creole Nature Trail Scenic Byway District. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Ms Elroy Quirk & Burch

Lake Charles, Louisiana
June 18, 2010

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT
STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
December 31, 2009

<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 533,708
Grant receivable	<u>85,626</u>
Total assets	619,334
CURRENT LIABILITIES	
	<u>-</u>
NET ASSETS	
Unrestricted	<u>619,334</u>
Total net assets	<u>\$ 619,334</u>

The accompanying notes are an integral part of these statements.

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
Year Ended December 31, 2009

	<u>Functions/Programs</u>			<u>Total</u>
	<u>Operating</u>	<u>Promotional</u>	<u>Grants</u>	
Expenses:				
Hurricane recovery	\$ 53,030	\$ -	\$ -	\$ 53,030
Marketing initiative	66,159	-	-	66,159
Hurricane center	506,731	-	-	506,731
Seed grant	28,973	-	-	28,973
Interpretive kiosk	6,400	-	-	6,400
Travel	1,880	-	-	1,880
Professional fees	54,255	-	-	54,255
Signage	14,919	-	-	14,919
Handheld video tour guide	544	-	-	544
Interpretive plan	9,600	-	-	9,600
Total expenses	<u>742,491</u>	-	-	742,491
Program revenues:				
Intergovernmental	<u>548,031</u>	-	-	548,031
Net program expense (income)	<u>\$ 194,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,460</u>
General revenue:				
Interest, dividends				<u>\$ 2,022</u>
Change in net assets				\$ (192,438)
Net assets - beginning				<u>811,772</u>
Net assets - ending				<u>\$ 619,334</u>

The accompanying notes are an integral part of these statements.

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

December 31, 2009

ASSETS

Cash and cash equivalents	\$ 533,708
Grant receivable	<u>85,626</u>
	<u>\$ 619,334</u>

LIABILITIES AND FUND EQUITY

Liabilities	\$ -
Fund equity:	
Fund balance:	
Unreserved:	
Undesignated	<u>619,334</u>
Total liabilities and fund equity	<u>\$ 619,334</u>

The accompanying notes are an integral part of these statements.

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

Year Ended December 31, 2009

Revenues:

Interest, dividends	\$ 2,022
Intergovernmental	<u>548,031</u>
Total revenues	<u>550,053</u>

Expenditures:

Hurricane recovery	53,030
Marketing initiative	66,159
Hurricane center	506,731
Seed grant	28,973
Interpretive kiosk	6,400
Travel	1,880
Professional fees	54,255
Signage	14,919
Handheld video tour guide	544
Interpretive plan	<u>9,600</u>
Total expenditures	<u>742,491</u>

(Deficiency) of revenues over expenditures (192,438)

Fund balance - beginning 811,772

Fund balance - ending \$ 619,334

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The financial statements of the Creole Nature Trail Scenic Byway District have been prepared in conformity with 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 District's more significant accounting policies are described below.

A. NATURE OF BUSINESS

The operations of the Creole Nature Trail Scenic Byway District are to stimulate economic development and tourism in the parishes of Calcasieu and Cameron.

B. Reporting Entity

The accompanying financial statements include the various activities that are within the control and authority of the Board of Commissioners of the Creole Nature Trail Scenic Byway District. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board. This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The Creole Nature Trail Scenic Byway District was created by Act 539 of the Louisiana Legislature on June 18, 1995, as a body politic and corporate and a political subdivision of the State of Louisiana. The Creole Nature Trail Scenic Byway District is governed by a board of commissioners consisting of nine members as follows:

- Two members selected by the Calcasieu Parish Police Jury
- Three members selected by the Cameron Parish Police Jury
- One member selected by the Southwest Louisiana Convention and Visitors Bureau
- One member selected by the Cameron Parish Tourism Commission

The secretary of the Department of Transportation and Development, ex officio or his designee
One member selected by the Calcasieu and Cameron Parish legislative delegation.

The members of the board of commissioners shall serve four-year terms and shall serve until their successors have been appointed and qualified.

Based on the foregoing criteria, the Creole Nature Trail Scenic Byway District has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the Creole Nature Trail Scenic Byway District.

C. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Assets and the Statement of Activities report financial information for the District as a whole. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) grants received from state and local governments; and (2) grants from the Southwest Louisiana Convention and Visitors Bureau. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

The Creole Nature Trail Scenic Byway District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The financial statements in this report are grouped into one governmental fund type, a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made regardless of the measurement focus applied.

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

The District uses the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available". Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: interest, dividends, and intergovernmental revenue.

The District's records are maintained on a modified accrual basis of accounting, utilizing the following practices:

Revenues:

Revenues collected in the current period that were measurable and available as net current assets of the prior period are adjusted out of current revenue. Uncollected revenues that are measurable and available as net current assets of the current period are recognized as revenue.

Expenditures:

Expenditures are adjusted to record in the current period only those expenditures for which the related fund liability was incurred in the current period.

Pervasiveness 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Treasurer submits to the Board of Directors a proposed budget prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them. The original budget was prepared using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The final amended budget was prepared using the modified accrual basis of accounting. Budgeted amounts are as amended by the Board of Directors.

After a complete review the budget is approved. The Board must approve any revisions that alter total expenditures. Formal budgetary integration is employed as a management control device during the year. All budgetary appropriations lapse at the end of each fiscal year.

During the year ended December 31, 2009, budgeted amounts for revenues were decreased approximately \$1,006,611 and expenditures were decreased approximately \$1,200,814. The major part of the revenue changes is represented by a decrease in grant income from those amounts originally budgeted. The major part of the expenditure changes is represented by decreases in hurricane recovery, Pintail Drive Boardwalk and the Handheld Video Tour Guide. Encumbrance accounting is not used.

F. DEPOSITS AND INVESTMENT DEPOSITS

DEPOSITS

Deposits include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District.

State statutes authorize the District to invest in obligations of the US Treasury, US Government Agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R.S. 39:1271, or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana which generates a local government investment pool. Investments in LAMP at December 31, 2009 totaled \$369,703.

Credit Risk. The District's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC).

G. Fixed Assets

The accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or when historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,000.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	15 to 40 years
Improvements, other than building	5 to 40 years
Machinery and equipment	3 to 15 years
Furniture and fixtures	3 to 10 years

H. Long-Term Liabilities

The Creole Nature Trail Scenic Byway District has incurred no long-term liabilities.

I. BAD DEBTS

No reserve for uncollectible receivables had been recorded as of December 31, 2009, as all receivables were considered collectible.

2. Compensation for Board of Commissioners

The Board of Commissioners received no compensation for the year ended December 31, 2009.

3. Cooperative Endeavor Agreement

The Southwest Louisiana Convention and Visitors Bureau (Bureau) has entered into agreements with the Louisiana Department of Transportation and Development (DOTD). The DOTD, with the assistance of the Federal Highway Administration (FHWA) has implemented a Louisiana Scenic Byways Program to improve the Creole Nature Trail. The costs of the projects are a joint participation between the FHWA and the Bureau, with the Bureau contributing the 20% match of the participating cost and the FHWA contributing, through the DOTD, the remaining 80% at the time of authorization.

On December 16, 1999, the Creole Nature Trail Scenic Byway District (District) entered into a cooperative endeavor agreement with the Southwest Louisiana Conventions and Visitors Bureau related to the DOTD agreements. The agreement continues in effect. The District bound itself to the DOTD Agreements to the same extent as if it had been a party thereto and to undertake the projects described in the Agreements. The grants for the projects described in the Agreements were applied for by the Bureau on behalf of the District. The Bureau submits claims to the DOTD for reimbursement of 80% of the project costs and upon receipt of the funds, remits to the District a like amount. The District administers the grant funds, including the local matching funds and reports all disbursements to the Bureau quarterly.

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2009

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Budgetary comparison schedules - Special Revenue Fund

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 SPECIAL REVENUE
 Year Ended December 31, 2009

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Interest, dividends	\$ 14,000	\$ 2,000	\$ 2,022
Intergovernmental	1,542,661	548,050	548,031
Total revenues	<u>1,556,661</u>	<u>550,050</u>	<u>550,053</u>
Expenditures:			
Rita Recovery Phase I	253,009	13,857	13,857
Rita Recovery Phase II	53,000	39,175	39,173
Marketing initiative	60,000	66,160	66,159
NHMSC Phase II	138,979	49,100	49,090
NHMSC Phase III	400,000	457,640	457,641
Seed grant I	6,000	10,385	10,382
Seed grant II	5,000	13,400	13,396
Seed grant III	-	5,195	5,195
Interpretive kiosks	50,000	6,400	6,400
Travel	5,000	1,880	1,880
Professional fees	10,000	54,255	54,255
Signage	15,202	14,920	14,919
Handheld video tour guide	298,816	545	544
Interpretive plan	12,177	9,600	9,600
Newsletter	6,143	-	-
Pintail Drive boardwalk	630,000	-	-
Total expenditures	<u>1,943,326</u>	<u>742,512</u>	<u>742,491</u>
(Deficiency) of revenues over expenditures	(386,665)	(192,462)	(192,438)
Fund balances - beginning	<u>811,772</u>	<u>811,772</u>	<u>811,772</u>
Fund balances - ending	<u>\$ 425,107</u>	<u>\$ 619,310</u>	<u>\$ 619,334</u>

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2009

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Expenditures</u>
Louisiana Department of Transportation	20.205		<u>\$ 686,355</u>

See accompanying notes to schedule of expenditures of federal awards.

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2009

Note A. *Basis of Presentation*

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Creole Nature Trail Scenic Byway District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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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

Board of Commissioners
Creole Nature Trail Scenic Byway District
Lake Charles, Louisiana

We have audited the financial statements of the governmental activities of the Creole Nature Trail Scenic Byway District as of and for the year ended December 31, 2009, and have issued our report thereon dated June 18, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Creole Nature Trail Scenic Byway District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Creole Nature Trail Scenic Byway District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southwest Louisiana Convention and Visitors Bureau's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, of the significant deficiencies described above, we consider item 09-01 to be a material weakness.

Compliance and Other Matters

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

Creole Nature Trail Scenic Byway District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Creole Nature Trail Scenic Byway District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Elroy Quirk & Beach

Lake Charles, Louisiana
June 18, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Creole Nature Trail Scenic Byway District
Lake Charles, Louisiana

Compliance

We have audited the compliance of the Creole Nature Trail Scenic Byway District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The Creole Nature Trail Scenic Byway District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Creole Nature Trail Scenic Byway District's management. Our responsibility is to express an opinion on the Creole Nature Trail Scenic Byway District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Creole

Nature Trail Scenic Byway District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Creole Nature Trail Scenic Byway District's compliance with those requirements.

In our opinion, the Creole Nature Trail Scenic Byway District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the Creole Nature Trail Scenic Byway District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Creole Nature Trail Scenic Byway's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Creole Nature Trail Scenic Byway District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Elroy Quirk & Buick

Lake Charles, Louisiana

June 18, 2010

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unqualified
Internal control over financial reporting:
Material weakness identified? Yes No
Control deficiencies identified not considered
to be material weakness? Yes None reported
Noncompliance material to financial statements
noted? Yes No

Federal Awards

Internal control over major programs:
Material weakness identified? Yes No
Control deficiencies identified not considered
to be material weakness? Yes No
Type of auditor's report issued on compliance
for major programs: Unqualified
Any audit findings disclosed that are required
to be reported in accordance with Circular
A-133, Section .510(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
20.205	Department of Transportation-Highway Planning and Construction

Dollar threshold used to distinguish between
Type A and Type B programs: \$ 300,000
Auditee qualified as low-risk auditee? Yes No

(continued on next page)

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

09-01 Segregation of Duties

Condition: Because of the District's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

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

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: We have considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings.

CREOLE NATURE TRAIL SCENIC BYWAY DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2009

08-01 Segregation of Duties

Condition: Because of the District's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Current status: See current year finding 09-01.