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WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)

**General-Purpose Financial Statements and
Independent Auditor's Reports**

Year Ended December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 Aug 10 1999

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)

General-Purpose Financial Statements and
Independent Auditor's Reports

Year Ended December 31, 1998

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)

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RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON THE GENERAL-PURPOSE FINANCIAL STATEMENTS

To the Board of Directors
Washington Parish Tourism Commission
Bogalusa, Louisiana

I have audited the accompanying general-purpose financial statements of the Washington Parish Tourism Commission, a component unit of the Washington Parish Government, as of and for the year ended December 31, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Washington Parish Tourism Commission's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

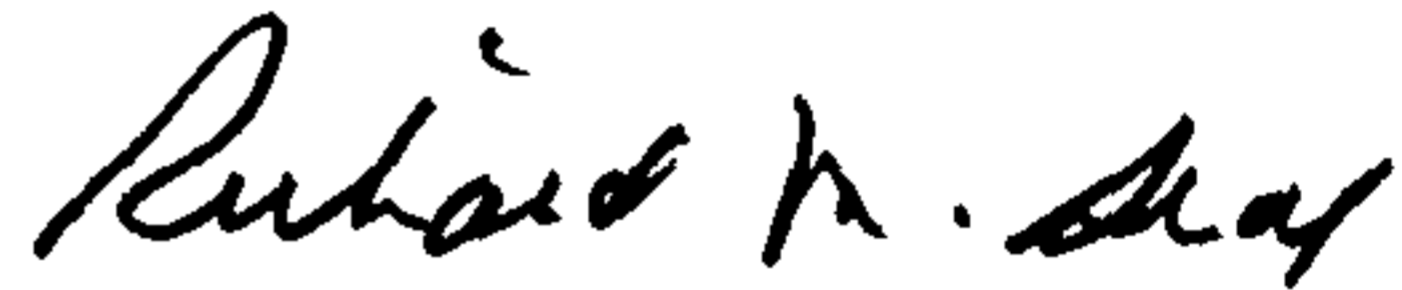
Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

I was unable to satisfy myself that the related party transactions described in note 5 to the financial statements were consummated on terms no less favorable than would have been from an unrelated party.

In addition, the commission did not adopt a budget for calendar year 1998 as required by generally accepted governmental accounting principles.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the propriety of the related party transactions and had a budget been adopted for calendar year 1998, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Washington Parish Tourism Commission, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 21, 1999 on my consideration of the Washington Parish Tourism Commission's internal control over financial reporting and my tests of compliance with certain provisions of laws and regulations.



Certified Public Accountant

Bogalusa, Louisiana
July 21, 1999

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)
GENERAL FUND

Balance Sheet
December 31, 1998

ASSETS

Cash	\$ <u>42,279</u>
Total assets	\$ <u>42,279</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 4,510
Fund balance:	
Unreserved, undesignated	<u>37,769</u>
Total liabilities and fund balances	\$ <u>42,279</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)
GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 1998

Revenues:	
Intergovernmental-	
State hotel/motel tax	\$ 19,332
Interest	643
Total revenues	<u>19,975</u>
Expenditures:	
Current:	
Economic development-	
Salaries and fringe benefits	3,539
Employee training	2,646
Professional fees	2,175
Rent	900
Printing	158
Promotional merchandise	270
Advertising/brochures	8,588
Utilities	663
Office supplies	164
Postage	87
Dues	264
Miscellaneous	373
Total expenditures	<u>19,827</u>
Excess (deficiency) of revenues over expenditures	148
Other Financing Sources(Uses):	
Transfer in-	
Washington Parish Government	<u>3,539</u>
Total other financing sources(uses)	3,539
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	3,687
Fund balance, beginning	<u>34,082</u>
Fund balance, ending	<u>\$ 37,769</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
December 31, 1998

INTRODUCTION

Washington Parish Tourism Commission (the commission) was created by the Washington Parish Government on May 26, 1992 by ordinance number 46. The Commission is governed by a seven member Board of Directors appointed by the Washington Parish Government.

The purpose of the commission is the promotion of tourism within Washington Parish. The rights, powers, and duties of the Commission are covered in LA R. S. 33:4574, et seq.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general-purpose financial statements of the commission have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the Washington Parish Government (the parish government), for reporting purposes, the parish government is the financial reporting entity for the Washington Parish Tourism Commission. The financial reporting entity consists of (a) the primary government (the parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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.

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)
Notes to the General-Purpose Financial Statements

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Washington Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the parish government 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 parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish government appoints the commission's governing body and can impose its will, the commission was determined to be a component unit of the Washington Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the commission and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The commission uses a fund 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.

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)
Notes to the General-Purpose Financial Statements

The commission only uses one fund:

1. General Fund -- the general operating fund of the commission and accounts for all financial resources.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the general fund. The general fund uses the following practices in recording revenues and expenditures:

Revenues

Revenue from the State of Louisiana is recorded as income in the year received.

Expenditures

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

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

F. BUDGETS

LA R.S. 4574.2.(a) requires that the commission submit annually to the parish government for approval a budget for its operations during the ensuing year.

No budget was prepared for the calendar year 1998.

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)
Notes to the General-Purpose Financial Statements

G. AUDIT

LA R.S. 4574.2.(c) requires that the books of the commission be audited annually by an independent certified public accountant.

NOTE 2 - CASH

All deposits of the commission were held by an area financial institution. At December 31, 1998, the book balance of the commission's checking account was \$42,279, and the bank balance was \$42,279. All deposits were insured by the Federal Deposit Insurance Corporation.

NOTE 3 - DISTRIBUTIONS OF STATE HOTEL/MOTEL TAX

A portion of the hotel/motel tax collected by the State of Louisiana is allocated and distributed to the various tourism commissions in the state. The commission receives from the state \$15,000 per year in quarterly payments which vary in amounts. The \$15,000 total is paid during the state fiscal year of July 1 through June 30, so the amount received by the commission during the calendar year would not necessarily amount to \$15,000. For the calendar year 1998 the amount received was \$19,332.

NOTE 4 - ON-BEHALF PAYMENTS

GASB Statement No. 24 establishes accounting and financial reporting standards for pass-through grants, food stamps, and on-behalf payments for fringe benefits and salaries. The Washington Parish Government paid \$3,539 salary and fringe benefits directly to an employee of the Washington Parish Tourism Commission on-behalf of the commission. The payments are reflected in the accompanying financial statements as a transfer in and as an expenditure for salary and fringe benefits.

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)
Notes to the General-Purpose Financial Statements

NOTE 5 - RELATED PARTY TRANSACTIONS

Mrs. Marilyn Bateman is the President of Washington Parish Tourism Commission. She is also the full-time Executive Director of the Bogalusa Chamber of Commerce (the chamber). In December, 1998, the commission received a bill for \$4,510 from the chamber for reimbursement of several items:

• Rent (including utilities) 6 months @ \$150 per month	\$ 900
• Telephone	663
• Employee training, May 25 through December 31, 1998 (84 days @ 6 hours per day: 504 hours x \$5,25 per hour)	2,646
• Miscellaneous	<u>301</u>
	<u>\$ 4,510</u>

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Washington Parish Tourism Commission
Bogalusa, Louisiana

I have audited the financial statements of Washington Parish Tourism Commission, a component unit of the Washington Parish Government, as of and for the year ended December 31, 1998, and have issued my report thereon dated July 21, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Washington Parish Tourism Commission's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 98-1, 98-2, 98-3, and 98-4.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Washington Parish Tourism Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Board of Directors, the Washington Parish Government, and the office of the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Bogalusa, Louisiana
July 21, 1999

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)

Schedule of Findings
For the Year Ended December 31, 1998

I have audited the financial statements of Washington Parish Tourism Commission, a component unit of the Washington Parish Government, as of and for the year ended December 31, 1998, and have issued my report thereon dated July 21, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 1998 resulted in a qualified opinion.

Section I Summary of Auditor's Reports

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

Internal Control

Material weakness Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

98-1

Criteria - R.S. 24:513 requires that audits be completed within six-months of the close of the fiscal year.

Condition - The first bit of accounting information was given to the auditor on June 15, 1999 and continued on until July 15, 1999. Therefore, the audit could not be completed within the six-month time limit (June 30, 1999).

Auditor's Recommendation - Accounting and other information should be given to the auditor well in advance of the June 30 deadline so that the audit can be completed on a timely basis.

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)

Schedule of Findings
For the Year Ended December 31, 1998

Section II Financial Statement Findings (Continued)

98-1 (continued)

Management's Detail Corrective Action Plan - We were unable to obtain copies of minutes for some months, due to illness of secretary and to office being changed mid-year from one member to another. Now that an employee is trained, she will be able to keep minutes herself, instead of relying on the volunteers to do so. The Treasurer was unable to meet with the auditor in a timely manner due to scheduling conflicts--this too will be corrected now that an employee can keep up with appointments.

98-2

Criteria - R. S. 39:13 requires that all political subdivisions of the state adopt a comprehensive budget presenting a complete financial plan for the ensuing fiscal year.

Condition - No budget was adopted for the calendar year 1998.

Auditor's Recommendation - A budget should be adopted annually in accordance with state law.

Management's Detailed Corrective Action Plan - The same budget has been in effect since 1992-93. The Treasurer turned it in to the Police Jury for their approval in December. The confusion arises because we receive funds on a fiscal year and we operate on a calendar year. We could not find mention of the Commission approving the budget in our minutes, although it has been approved in same form in past years. Hopefully, the employed person can keep track of these things better than volunteers have done.

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)

Schedule of Findings
For the Year Ended December 31, 1998

Section II Financial Statement Findings (Continued)

98-3

Criteria - The Louisiana Constitution prohibits the donation of public funds.

Condition - In December, 1998, the commission received a bill from the Bogalusa Chamber of Commerce which included \$2,646 for employee training, May 25 through December 31, 1998 (84 days times 6 hours per day which equals 504 hours times \$5.25 per hour). Supporting documentation for the bill showed a chamber employee's time charged to training a commission employee, generally, six hours a day for three days a week.

The commission did hire an employee for \$5.15 an hour on May 25, 1998, and she worked through December 31, generally, six hours a day for three days a week. She worked in a rental space in the chamber office and was trained by a chamber employee.

There appears to be some donative intent for the \$2,646 training charge paid by the commission to the chamber because:

1. It does not seem reasonable that an employee would require exclusive, one-on-one training for over seven months.
2. A comparison of the days on which there was a training charge to the days worked according to the commission employee's time records show that on 25 different days (124.50 hours) a training charge was made when the commission employee was not available for training; she was either not at work or was working out of the chamber office.

Auditor's Recommendation - The Washington Parish Tourism Commission should review the propriety of the bill paid to the Bogalusa Chamber of Commerce and request reimbursement as appropriate. Further, if the commission wants the chamber to perform functions that are, generally, functions which have a governmental purpose, I suggest that the two entities enter into a cooperative endeavor agreement.

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)

Schedule of Findings
For the Year Ended December 31, 1998

Section II Financial Statement Findings (Continued)

98-3 (continued)

Management's Detailed Corrective Action Plan - Training of the employee was accomplished by those who had been handling all tourism dealings, namely the Bogalusa Chamber of Commerce, the only entity within the parish with a staff set up to accomplish such. A formal cooperative endeavor agreement was never done; it was just assumed since she was domiciled at the Chamber to learn brochure setup, info about the parish, etc. After six months she would possibly have been able to be on her own but offices have not been found. The Police Jury has been trying to find separate offices so our office would no longer be involved, as is hoped for by our Board of Directors.

98-4

Criteria - R.S. 42:7(A) requires that "all public bodies, except the legislature and its committees and subcommittees, shall give written public notice of their regular meetings." In addition, R.S. 42:7.1(A) requires that "all public bodies shall keep written minutes of all of their open meetings.

Condition - There was no evidence that public notice had been given for any of the meetings during the year. In addition, minutes could not be located for the January through April 1998 meetings.

Auditor's Recommendation - Public notice should be given for all meetings, and proper minutes of the meetings should be maintained.

WASHINGTON PARISH TOURISM COMMISSION
(A Component Unit of the Washington Parish Government)

Schedule of Findings
For the Year Ended December 31, 1998

Section II Financial Statement Findings (Continued)

98-4 (continued)

Management's Detailed Corrective Action Plan - Public notice in the Era-Leader or Daily News was done sporadically by the commission member assigned to publicity. Once again illness and cancellation of meetings due to no one being able to attend. We are either fully employed with other jobs or retirees with health-related problems; as volunteers in trying to institute the tourism commission, we have had lots of time and energy mishaps; it's just too much work and responsibility and too much unknown and not understood for us all. None of these actions have been done with ill intent, and we either need more direction, assistance, or something to keep up with all this. A formal training session, a handbook, or some directives to volunteer members of any commission would certainly be in order so that we are not faulted for any ignorance on our part. We are volunteers, not experts in all this.