The Watkins Johnsey Professional Group, P.C.
Certified Public Accountants & Business Advisors

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Member of
American Institute of CPA's
AICPA Private Companies
Practice Section
Alabama Society of CPA's

August 6, 2018

To the Board of Directors and Management of the
Florence/Lauderdale Tourism Board

We have audited the financial statements of the governmental activities and each major fund of the Florence/Lauderdale Tourism Board for the two-year period ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 20, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Florence/Lauderdale Tourism Board are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the two-year period. We noted no transactions entered into by the Florence/Lauderdale Tourism Board during the two-year period for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the accounts receivable is based on lodgings tax revenues outstanding as of year-end. We evaluated the key factors and assumptions used to develop the accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimates of depreciation expense and accumulated depreciation are based on a systematic approach of allocating the costs of capital assets over the estimated useful life of the asset. We evaluated the key factors and assumptions used to develop the depreciation expense and accumulated depreciation in determining that they are reasonable in relation to the financial statements taken as a whole.

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Management's estimates of net pension liability, pension expense, deferred outflows of resources related to pensions, and deferred inflows of resources related to pensions are based on information obtained from the plan's actuary. We evaluated the key factors and assumptions used to develop the net pension liability, pension expense, deferred outflows of resources related to pensions, and deferred inflows of resources related to pensions in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of net pension liability, pension expense, deferred outflows of resources related to pensions, and deferred inflows of resources related to pensions in Note 8 to the financial statements was based upon information obtained from the plan's actuary.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: record and correctly classify certain capital asset activity and record and correctly classify certain debt activity.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 6, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Florence/Lauderdale Tourism Board's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each audit period prior to retention as the Florence/Lauderdale Tourism Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison schedule, and pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

In addition, we noted other matters involving the internal control and its operation that we have reported in a separate letter dated August 6, 2018.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Florence/Lauderdale Tourism Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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Florence, Alabama

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To the Board of Directors and Management of the
Florence/Lauderdale Tourism Board

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Florence/Lauderdale Tourism Board as of and for the two-year period ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Florence/Lauderdale Tourism Board's internal control over financial reporting (internal control) as a basis for designing 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 Florence/Lauderdale Tourism Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Florence/Lauderdale Tourism Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the following deficiency in internal control to be a material weakness:

- Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position and changes in financial position, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. We noted the absence of appropriate internal controls in the following areas:

    - The Board's internal controls system does not reliably and consistently produce adjustments to bring the accounting records into alignment with U.S. generally accepted accounting principles. As a result, material adjustments were required to be made to the accounting records subsequent to the start of the audit process.

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- The Board does not have a system of internal controls that would enable management to conclude that the financial statements and the related disclosures are complete and presented in accordance with U.S. generally accepted accounting principles. As such, management requested us to (1) assist in identifying adjustments to the accounting records, (2) maintain the Board's depreciation schedule, and (3) prepare a draft of your financial statements, including the related notes to financial statements. The outsourcing of this service is not unusual in entities of your size and is a result of management's cost benefit decision to use our accounting expertise rather than incur internal resource costs.

The existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs and the related benefits. We are responsible for communicating significant deficiencies and material weaknesses in accordance with professional standards, regardless of management's decisions.

This communication is intended solely for the information and use of management, Board of Directors, and others within the Florence/Lauderdale Tourism Board, and is not intended to be, and should not be, used by anyone other than these specified parties.

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August 6, 2018