

**AIRPORT DISTRICT NO. 1
OF JEFFERSON DAVIS PARISH**

Jennings, Louisiana

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED APRIL 30, 2018

AIRPORT DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH
Jennings, Louisiana

TABLE OF CONTENTS

<u>TITLE</u>	<u>STATEMENT OR SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT		1 - 2
<u>BASIC FINANCIAL STATEMENTS</u>		
<u>PROPRIETARY FUND - ENTERPRISE FUND</u>		
Statement of Net Position	A	4
Statement of Revenues, Expenses, and Changes in Net Position	B	5
Statement of Cash Flows	C	6
Notes to the Financial Statements		7 - 15
OTHER SUPPLEMENTAL INFORMATION		16
Schedule of Compensation, Benefits and Other Payments to Agency Head	1	17
INTERNAL CONTROL AND COMPLIANCE		18
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		19 - 20
Schedule of Findings and Responses	2	21
Schedule of Prior Year Findings and Questioned Costs	3	22

BROADHURST, HAMILTON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

ROBERT C. BROADHURST, CPA (1989)
 JOE E. HAMILTON, CPA
 BARBARA B. HAMILTON, CPA

626 N. AVENUE G
 P. O. DRAWER 505
 CROWLEY, LOUISIANA 70527-0505
 TEL: (337) 783-6515
 FAX: (337) 788-1491
 E-mail: bhccpas@aol.com
 E-mail: joehamcpa@aol.com

October 30, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
 Airport District No. 1 of Jefferson Davis Parish
 Jennings, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the Airport District No. 1 of Jefferson Davis Parish, Jennings, Louisiana, component unit of the Jefferson Davis Police Jury, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport District No. 1 of Jefferson Davis Parish as of April 30, 2018, and the respective changes in financial position, and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport District No. 1 of Jefferson Davis Parish's basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head are the responsibility of management and were 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 American. In our opinion, the schedule of compensation, benefits and other payments to agency head are 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 October 30, 2018, on our consideration of the Airport District No. 1 of Jefferson Davis Parish'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 Airport District No. 1 of Jefferson Davis Parish's internal control over financial reporting and compliance.

Broadhurst, Hamilton & Company

BROADHURST, HAMILTON & COMPANY

Certified Public Accountants

Crowley, Louisiana

BASIC FINANCIAL STATEMENTS
PROPRIETARY FUND - ENTERPRISE FUND

PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF NET POSITION
AS OF APRIL 30, 2018

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 1,049,948
Investments	329,661
Accounts receivable, net of allowance for doubtful accounts	29,552
Due from governments	-
Prepaid insurance	<u>11,294</u>

Total Current Assets \$ 1,420,455

Non-Current Assets:

Utility deposits	\$ 1,173
Capital assets - net of accumulated depreciation	<u>7,947,924</u>

Total Non-Current Assets \$ 7,949,097

TOTAL ASSETS

\$ 9,369,552

LIABILITIES:

Current Liabilities:

Accounts payable	\$ 275,421
Prepaid revenue	<u>15,995</u>

TOTAL LIABILITIES

\$ 291,416

NET POSITION:

Net Investment in capital assets	\$ 7,947,924
Unrestricted	<u>1,130,212</u>

TOTAL NET POSITION

\$ 9,078,136

The accompanying notes are an integral part of this statement.

PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED APRIL 30, 2018

OPERATING REVENUES:

Property rental	\$ 506,472
Property rental (In-kind)	11,280
Gallonage rental	16,074
Miscellaneous revenue	30
	30

Total Operating Revenues **\$ 533,856**

OPERATING EXPENSES:

Advertising, Dues & Subscriptions:	
Dues & subscriptions	\$ 1,342
Advertising & printing	995
Utilities and Telephone:	
Utilities	18,220
Telephone	8,461
Cable/satellite	6,645
Materials, Supplies and Repairs:	
Repairs - airport	51,128
Repairs - equipment	2,197
Supplies	-
Other Operating Expenses:	
Airport contract management (includes in-kind of \$11,280)	113,280
Professional fees	28,930
Insurance	28,394
Miscellaneous	1,177
Depreciation expense	335,673
	335,673

Total Operating Expenses **\$ 596,442**

OPERATING INCOME/(LOSS) **\$ (62,586)**

NON-OPERATING REVENUES/(EXPENSES):

Interest income	\$ 680
Gain/(loss) on asset disposal	2,188
	2,188

Total Non-Operating Revenues/(Expenses) **\$ 2,868**

NET INCOME/(LOSS) BEFORE CONTRIBUTIONS **\$ (59,718)**

CAPITAL CONTRIBUTIONS **832,943**

NET CHANGE IN NET POSITION **\$ 773,225**

NET POSITION - BEGINNING OF YEAR **8,304,911**

NET POSITION - END OF YEAR **\$ 9,078,136**

The accompanying notes are an integral part of this statement.

PROPRIETARY FUND - ENTERPRISE FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 522,545
Payments to suppliers of goods and services	<u>10,081</u>

Net Cash Flows Provided by Operating Activities **\$ 532,626**

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

None	\$ <u>-</u>
------	-------------

Net Cash Flows Provided by Noncapital Financing Activities **\$ -**

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	\$ (1,149,277)
Proceeds from the sale of capital assets	3,036
Contributed capital received – capital grants	<u>832,943</u>

Net Cash Flows Used by Capital and Related Financing Activities **\$ (313,298)**

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	\$ (680)
Interest on investments	<u>680</u>

Net Cash Flows Used by Investing Activities **\$ -**

NET INCREASE IN CASH AND CASH EQUIVALENTS **\$ 219,328**

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR **830,620**

CASH AND CASH EQUIVALENTS, END OF YEAR **\$ 1,049,948**

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:

Operating income/(loss)	\$ (62,586)
Adjustments to reconcile income/(loss) from operations to net cash provided by operating activities:	
Depreciation expense	335,673
(Increase)/Decrease in accounts receivable	(14,136)
(Increase)/Decrease in prepaid insurance	(842)
Increase/(Decrease) in prepaid revenue	2,825
Increase/(Decrease) in accounts payable	<u>271,692</u>

Net Cash Flows Provided by Operating Activities **\$ 532,626**

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Airport District No. 1 of Jefferson Davis Parish have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies for the Airport District No. 1 of Jefferson Davis Parish are described below.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity:

The Airport District No. 1 of Jefferson Davis Parish (District) was created by the Jefferson Davis Parish Police Jury pursuant to (LSA-RS 2.311) through the passage of Parish Ordinance 483 on March 7, 1963. The District has the power and authority, within its boundaries, to acquire, construct, maintain, and operate airports and airport facilities, including both movable and immovable property. The District is a subdivision of the State of Louisiana and may issue bonds and levy taxes in accordance with Article 6, Section 30. The District may also by resolution or ordinance, establish, maintain, and collect proper and reasonable rates, charges, rents, or other fees for the use of the facilities of the airport.

Under the provision of Parish Ordinance 635, dated May 10, 1978, the District shall be governed and controlled by a board of commissioners composed of five members. Pursuant to Ordinance 635 these commissioners are appointed by the Jefferson Davis Police Jury for terms of two years from the date they assume their duties and shall serve without compensation.

In conformance with GASB Codification Section 2100, the District is a component unit of the Jefferson Davis Parish Police Jury, the governing body of the Parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general governmental services provided by that government unit, and other governmental units that comprise the governmental reporting entity.

The GASB has set forth criteria to be considered in determining financial accountability. They include the following:

- (1) Appointing a voting majority of an organization's governing body, and (a) the ability of the 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 police jury.
- (2) Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- (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.

B. Basis of Presentation:

The District uses a proprietary fund (Enterprise Fund) to report on its financial position and results of operations. The Enterprise Fund accounts for the activities relative to operations of the Airport District No. 1 of Jefferson Davis Parish, including, but not limited to recording and collecting operating income and grants, and incurring and paying operating expenses. The fund is operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing

(Continued)

NOTES TO THE FINANCIAL STATEMENTS

basis be financed primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Activities accounted for in the Proprietary Fund follow all applicable GASB pronouncements. For the year ended April 30, 2014, the District implemented GASB Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The effect of the implementation was to replace the term of net assets with net position.

The District's net position are reported in three parts:

- a. *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by 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; and
- c. *Unrestricted net position* – all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Restricted or unrestricted amounts are considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position is available. Restricted amounts would be reduced first, followed by unrestricted amounts, when expenditures are incurred for purposes for which amounts in unrestricted net position could be used.

C. Budgetary Practices

The District is not required and did not adopt a budget for the period covered by the accompanying financial statements.

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposit, money market accounts, or time deposits with state banks organized under Louisiana Law or any other state of the United States, or under the laws of the United States.

E. Prepaid Expense

Certain payments to vendors reflect the costs applicable to future accounting periods that are recorded as prepaid items.

NOTES TO THE FINANCIAL STATEMENTS

F. Capital Assets

All capital assets are valued at historical cost or if contributed property, at their estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Capital assets used in the proprietary fund operations are included on the statement of net assets net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by the proprietary fund operations is charged as an expense against operations. Depreciation has been calculated on each class of depreciable property using the straight-line method over the estimated useful lives of the assets as follows:

Runways and Improvements	10 - 50 years
Buildings and Hangers	10 - 40 years
Improvements other than Buildings and Hangers	10 - 20 years
Furniture and Equipment	5 - 10 years

G. Fund Equity

Contributed Capital: Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

H. Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

I. 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. Accordingly, actual results could differ from those estimates.

J. Capitalization of Interest

FAS-34, Capitalization of Interest Costs, requires that interest expenditures incurred during construction of assets be capitalized. FAS-62, Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants, concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the tax related tax-exempt borrowing. Net interest cost capitalized totaled \$-0- during the fiscal year ending April 30, 2018.

K. Compensated Absences

The District has no employees and therefore has no compensated absences.

NOTES TO THE FINANCIAL STATEMENTS

L. Deferred Outflows of Resources and Deferred Inflows of Resources:

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

NOTE 2: CASH AND CASH EQUIVALENTS

As of April 30, 2018, the District had cash and cash equivalents totaling \$1,049,948 as follows:

Demand deposits	\$ 1,049,948
Interest bearing demand deposits	<u> -</u>
Total Book Balances	<u><u>\$ 1,049,948</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank 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 time equal the amount of deposit with the fiscal agent.

Bank Balance as shown by Bank	<u>\$ 1,048,381</u>
Insured (FDIC)	\$ -
Uninsured, Uncollateralized:	
Pledged securities held by pledging Bank's agent in Bank's name	<u>1,400,000</u>
Total Bank Balances Secured	<u><u>\$ 1,400,000</u></u>

Even though this amount is considered uncollateralized under GAAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3: INVESTMENTS

The District invests only in time certificates of deposit. The time certificates of deposit mature at least 90 days after April 30, 2018, therefore they are not classified as cash and cash equivalents and are classified as Investments.

Investments are categorized into the following three categories of credit risk in accordance with GASB Statement No. 3 to give an indication of the level of risk assumed by the District.

Category 1 - Includes investments that are insured or registered, or securities held by the government or its agent in the District's name.

Category 2 - Includes investments that are uninsured and unregistered, with securities held by the counter party's department or agent in the District's name.

NOTES TO THE FINANCIAL STATEMENTS

Category 3 - Includes investments that are uninsured and unregistered, with securities held by the counter party or by its trust department or agent but not in the District's name.

As of April 30, 2018, all the District's investments are categorized as **Category 1** Investments and mature as follows:

Time Certificates of Deposit

Maturity Date

0 - 90 days	\$	-
91 - 180 days		-
181 - 365 days		-
366 - 730 days		<u>329,661</u>
Total Time Certificates of Deposit	\$	<u>329,661</u>

Under state law, these time deposits (or the resulting bank 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 time equal the amount of the time deposits with the fiscal agent. The Time Certificates of Deposit are fully secured by FDIC Insurance or Pledged Securities held by the respective Banks' as required by state law.

NOTE 4: ACCOUNTS RECEIVABLE

The following is a summary of receivables at year end:

Gross Receivables (customer property rentals)	\$	29,552
Less: Allowance for doubtful accounts		<u>-</u>
Net Accounts Receivable	\$	<u>29,552</u>

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on an assessment of the current status of individual accounts. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

NOTE 5: DUE FROM GOVERNMENTAL ENTITIES

There were no amounts due from other governments as of April 30, 2018. The amount due is from the following governmental entities:

United States of America/Federal Aviation Administration	\$	-
State of Louisiana/Dept of Transportation and Development		<u>-</u>
Total Due from other Government Entities	\$	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: CAPITAL CONTRIBUTIONS FROM GOVERNMENT ENTITIES

During the year ended April 30, 2018, the District received capital contributions from the following governmental entities:

United States of America/Federal Aviation Administration	\$	691,756
State of Louisiana/Dept of Transportation and Development		<u>141,187</u>
Total Capital Contributions from Government Entities	\$	<u><u>832,943</u></u>

NOTE 7: CAPITAL ASSETS

A summary of proprietary property, plant and equipment is as follows:

	<u>Balance</u> <u>05/01/2017</u>	<u>Adjustments/</u> <u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>04/30/2018</u>
Runway and Improvements	\$ 6,792,752	\$ -	\$ -	\$ 6,792,752
Buildings and Hangers	3,869,425	-	-	3,869,425
Other Improvements	274,639	5,236	-	279,875
Furniture & Equipment	<u>494,508</u>	<u>92,261</u>	<u>8,479</u>	<u>578,290</u>
Total Depreciable Assets	<u>\$ 11,431,324</u>	<u>\$ 97,497</u>	<u>\$ 8,479</u>	\$ 11,520,342
Less Accumulated Depreciation				<u>(5,798,891)</u>
Net Depreciable Assets				\$ 5,721,451
Construction in Progress	\$ 159,744	\$ 1,095,014	\$ 60,174	1,194,584
Land	<u>1,014,949</u>	<u>16,940</u>	<u>-</u>	<u>1,031,889</u>
Net Property Plant & Equipment				<u><u>\$ 7,947,924</u></u>

NOTE 8: COMMITMENTS

As of April 30, 2018, the District had four construction contract projects in progress totaling \$159,744.

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. As of April 30, 2018, the District carries commercial insurance for general and aviation liability. During any construction phase, contractor nonperformance and liability risk is protected by requiring each contractor to post a performance bond and a certificate of liability insurance coverage for approved contracts. Previously settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: LITIGATIONS AND CLAIMS

Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. No claim expenditures or liabilities are reported in the accompanying financial statements. The Airport Commission is not presently involved in any litigation as defendant.

NOTE 11: CONTINGENCIES

Grant Disallowances. The District participates in a number of Federal Financial Assistance Programs. These programs are subject to further financial and compliance audits by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. Based on prior experience, management feels such amounts, if any, to be immaterial to the financial statements.

NOTE 12: NON-CANCELABLE OPERATING LEASES

The District leases various parcels of land and/or buildings located at the airport to various aviation, industrial, and business concerns. These are noncancellable leases with obligated terms ranging from one to ten years or other maximums established by Louisiana Revised Statutes. Most leases contain escalation clauses.

As of April 30, 2018, future minimum rentals of non-cancelable operating leases of such property in aggregate are as follows:

<u>Fiscal Year</u>	
2019	\$ 284,309
2020	171,689
2021	115,534
2022	103,313
2023	31,692
2024 and thereafter	<u>70,100</u>
Total	<u>\$ 776,637</u>

NOTE 13: ECONOMIC DEPENDENCE

The District has one commercial customer that accounted for more than 10% individually of total operating revenues.

NOTE 14: RELATED PARTY TRANSACTIONS

The District's airport is managed by a commercial agricultural aviation service company, Riceland Aviation, Inc., under a five year contract which began on February 1, 2005 and was renewed for another five years until January 31, 2015. A new 5 year contract was signed on August 18, 2015. Under the contract, Riceland is paid \$8,500 per month (\$102,000 annually) and allowed to occupy certain hangars, offices, and other physical structures for the operation of an aerial seed planting, crop dusting, fertilizer business, and retail sale of aviation fuel in return for providing airport management services for the District. The in-kind rental value of the occupied facilities, estimated to be \$11,280, has been recorded in the

(Continued)

NOTES TO THE FINANCIAL STATEMENTS

accompanying financial statements as operating revenue and as an expense for the year ending April 30, 2018.

Three members of the Board of Commissioners lease airplane hangers from the District at fair market value. These three leases provided \$3,960 in revenues to the District during the fiscal year ending April 30, 2018. All Commissioners pay their leases in advance on a yearly basis. In addition, all of the Commissioners currently leasing airplane hangers had active hanger leases years before they became members of the Board of Commissioners.

NOTE 15: LEASES AND COMMITMENTS

On February 1, 2005, the District entered into a lease operating agreement with Riceland Aviation, Inc. The term of the lease was for five years expiring on January 31, 2010. The contract was renewed for another five years until January 31, 2015. On August 18, 2015, a new 5 year contract was signed. Under this contract, Riceland is paid \$8,500 per month (\$102,000 annually) and allowed to occupy certain facilities and use certain equipment and retail sale of aviation fuel in return for providing maintenance and operation of Jennings Airport. Riceland further agreed to pay the District \$.05 per gallon of aviation fuel sold by Riceland on airport property.

NOTE 16: CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital:

	Donated Assets	Capital Grants
Balance, Beginning of Year	\$ 751,325	\$ 6,762,831
Additions:		
Federal Aviation Administration	-	691,756
Dept of Transportation and Development	-	141,187
Balance, End of Year	<u>\$ 751,325</u>	<u>\$ 7,595,774</u>

NOTE 17: SUBSEQUENT EVENTS

As of April 30, 2018, the District had three construction projects in progress.

NOTE 18: NEW ACCOUNTING PRONOUNCEMENTS

The District did not implement any new accounting pronouncements during the year ending April 30, 2018.

NOTE 19: DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 30, 2018, the date which the financial statements were available to be issued.

OTHER SUPPLEMENTAL INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED APRIL 30, 2018**

Agency Head Name – Doug Hollier, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - HSA Contribution	-
Car allowance	-
Vehicle provide by government	-
Cell phone	-
Dues Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
Total	<u>\$ -</u>

**INTERNAL CONTROL
AND
COMPLIANCE**

ROBERT C. BROADHURST, CPA (1989)
JOE E. HAMILTON, CPA
BARBARA B. HAMILTON, CPA

626 N. AVENUE G
P. O. DRAWER 505
CROWLEY, LOUISIANA 70525-0505
TEL: (337) 783-6515
FAX: (337) 788-1491
E-mail: bhccpas@aol.com
E-mail: joehamcpa@aol.com

October 30, 2018

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

To the Board of Commissioners
Airport District No. 1 of Jefferson Davis Parish
Jennings, 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 of the Airport District No. 1 of Jefferson Davis Parish, Jennings, Louisiana, a component unit of the Jefferson Davis Police Jury, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Airport District No. 1 of Jefferson Davis Parish's basic financial statements, and have issued our report thereon dated October 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport District No. 1 of Jefferson Davis Parish'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport District No. 1 of Jefferson Davis Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport District No. 1 of Jefferson Davis Parish'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport District No. 1 of Jefferson Davis Parish's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Broadhurst, Hamilton & Company

BROADHURST, HAMILTON & COMPANY
Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018

SECTION 1 — SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Auditor's Report

An unqualified opinion has been issued on the Airport District No. 1 of Jefferson Davis Parish as of and for the year ended April 30, 2018.

2. Internal Control Deficiencies – Financial Reporting

No control deficiencies were noted during the audit of the financial statements.

3. Material Noncompliance – Financial Reporting

No instances of noncompliance material to the financial statements of the Airport District No. 1 of Jefferson Davis Parish, which would be required to be reported in accordance with **Government Auditing Standards**, were disclosed during the audit.

B. Federal Awards

This section is not applicable for the year ended April 30, 2018.

SECTION II – FINANCIAL STATEMENT FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH GOVERNMENTAL STANDARDS

No findings material to the basic financial statements of the Airport District No. 1 of Jefferson Davis Parish were noted during the audit.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section is not applicable for the year ended April 30, 2018.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2017

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

This section is not applicable.

SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

This section is not applicable.

SECTION III – MANAGEMENT LETTER

This section is not applicable.

AIRPORT DISTRICT NO. 1 OF JEFFERSON DAVIS PARISH

Jennings, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR ENDING APRIL 30, 2018

ROBERT C. BROADHURST, CPA (1989)
JOE E. HAMILTON, CPA
BARBARA B. HAMILTON, CPA

626 N. AVENUE G
P. O. DRAWER 506
CROWLEY, LOUISIANA 70527-0506
TEL: (337) 783-6515
FAX: (337) 788-1491
E-mail: bhccpas@aol.com
E-mail: joehamcpa@aol.com

October 30, 2018

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Airport District No. 1 of Jefferson Davis Parish
Jennings, LA

We have performed the procedures enumerated below, which were agreed to by the management of the Airport District No. 1 of Jefferson Davis Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Airport District's compliance with certain laws, regulations and best practices during the year ending April 30, 2018.

Management of the Airport District No. 1, a component unit of the Jefferson Davis Police Jury, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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 entity'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 entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget – The District is not required and did not adopt a budget for the period covered by the accompanying financial statements. –

No findings.

- 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. –

No Findings.

- c) **Disbursements**, including processing, reviewing, and approving. –

No Findings.

- d) **Receipts**, including receiving, recording, and preparing deposits. –

No Findings.

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

Not Applicable, the Airport District does not have any employees.

- 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. –

No Findings.

- 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. –

Not Applicable, the Airport District does not have any credit cards.

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

No Findings.

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

No Findings.

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

Not Applicable.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, 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 Board of Commissioner's met every month with a quorum. – No Findings.

- 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 entity'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 period reflect that the board is monitoring the plan.

The Airport District is not required to prepare a budget, but the minutes did reflect that the Board of Commissioners reviewed financial statements each month prepared by a CPA firm. – No Findings.

- 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 period. –

The minutes for all months were reviewed and they included non-budgetary financial information relating to the approval of contracts and disbursements. – No Findings

Bank Reconciliations

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

Obtained copies of all bank statements with a representation that the listing was complete. Traced all bank accounts to General Ledger. – No Findings.

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

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period. All bank reconciliations had been prepared. – No Findings.

- 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

All bank reconciliations included evidence of a Board Member having reviewed the reconciliations. The evidence was a Board Members initials. – No Findings.

- 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.

In reviewing outstanding items we found no evidence that the District had any outstanding items of more than six months that had not been cleared. The District had three outstanding items as of

the end of its fiscal year and further review revealed no outstanding items at the end of the first month following its year end. – No Findings.

Collections

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

Obtained the listing of cash collection locations and management's representation that listing is correct. All collections are made by contracted CPA firm. – No Findings.

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

All collections are made by the contracted CPA. The District discourages the use of cash for any payments received and under normal circumstances cash is not accepted. The contracted CPA segregates, to the extent possible, the cash collection responsibilities from receiving, depositing and posting. The Board compensates these procedures by reviewing and approving all bank reconciliations. – No Findings.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity 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 contracted CPA segregates, to the extent possible, the cash collection responsibilities from receiving, depositing and posting and has a formal process for reconciling cash collections to the general ledger by revenue source. – No Findings.

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

No Findings.

- > 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.

Cash collections, recording of transactions, and reconciliation of the bank accounts are all performed by the contracted CPA firm. Actual cash is not normally collected, but sequentially number cash receipts are available if necessary. The District uses sequentially numbered deposit tickets for all checks received and deposited. The CPA reconciles all deposits and the Board reviews all bank reconciliations on a monthly basis. – No Findings.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) 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.

No Findings.

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

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

Obtained the District's general ledger and reviewed it for entity disbursements.

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 entity 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:

- 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.

Examined supporting documentation for each of the twenty-five disbursements selected. The District does not require purchase orders due to the size of the entity, but all purchases must be approved in advance by the Chairman and all contractual payments for construction projects must be presented to and approved in advance by the Board of Commissioners. All monthly bills for other purposes, i.e. utilities, monthly contract services, etc. are reviewed and approved by the Board each month. – No Findings.

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

Examined supporting documentation for each of the twenty-five disbursements selected. All purchases were approved in advance by the Chairman and all contractual payments for construction projects were approved in advance by the Board of Commissioners. All monthly bills for other purposes, i.e. utilities, monthly contract services, etc. were reviewed and approved by the Board each month. – No Findings.

- 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.

Examined supporting documentation for each of the twenty-five disbursements selected. Payments for purchases were prepared and processed by the contracted CPA firm only for approved invoices. – No Findings.

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

All payments are processed by the contracted CPA. The written policy states that the Chairman or the Board of Commissioners must approve the adding of vendors to the system. - No Findings.

11. Using entity 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 recording of all purchases is handled by the contracted CPA. All purchases are initiated by the firm contracted to manage the airport. All checks are signed by two members of the Board of Commissioners. – No Findings.

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 entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

All unused checks are maintained in the possession of the contracted CPA firm. It should be noted that Commissioners have the only signatory authority and they do not have access to the supply of unused checks. – No Findings.

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.

No Findings.

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.

Not Applicable – The District does not use any of the above cards.

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

Not Applicable – The District does not use any of the above cards.

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

Not Applicable – The District does not use any of the above cards.

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)

Not Applicable – The District does not use any of the above cards.

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

Not Applicable – The District does not use any of the above cards.

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

Not Applicable – The District does not use any of the above cards.

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

Not Applicable – The District does not use any of the above cards.

- c) For each transaction, compare the entity'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.

Not Applicable – The District does not use any of the above cards.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period 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 District does allow travel and related expense reimbursements for members of the commission. Reviewed the disbursements recorded for the fiscal year and verified with management that there were no travel or related expense reimbursements during the fiscal year under review. – No Findings.

18. Obtain the entity'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's written policy states that all travel and expense reimbursements will follow the general state travel policy. Reviewed the disbursements recorded for the fiscal year and verified with management that there were no travel or related expense reimbursements during the fiscal year under review. – No Findings.

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

Not Applicable. No travel expenses taken during fiscal year under review.

- 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.]

Not Applicable. No travel expenses taken during fiscal year under review.

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

Not Applicable. No travel expenses taken during fiscal year under review.

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

Not Applicable. No travel expenses taken during fiscal year under review.

- c) Compare the entity'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.

Not Applicable. No travel expenses taken during fiscal year under review.

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

Not Applicable. No travel expenses taken during fiscal year under review.

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.

Obtained listing of all contracts in effect and management's representation that the listing was complete.

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.

Written contracts provided by Airport District. – No Findings.

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

There were No Findings of noncompliance.

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

There were No Findings of noncompliance.

- 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.

No contracts selected were 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.

There were No Findings of noncompliance.

- 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).

There were No Findings of noncompliance.

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:

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

Not Applicable. The Airport District does not have any employees.

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

Not Applicable. The Airport District does not have any employees.

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 entity 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.)

Not Applicable. The Airport District does not have any employees.

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

Not Applicable. The Airport District does not have any employees.

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

Not Applicable. The Airport District does not have any employees.

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.

Not Applicable. The Airport District does not have any employees.

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.

Not Applicable. The Airport District does not have any employees.

Ethics (excluding nonprofits)

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

Not Applicable. The Airport District does not have any employees.

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

Management asserted that the Airport District has not received any ethics allegations during the current fiscal period.

Debt Service (excluding nonprofits)

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

Not Applicable – The Airport District does not have any outstanding debt.

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

Not Applicable – The Airport District does not have any outstanding debt.

30. If the entity 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.

Not Applicable – The Airport District does not have any outstanding debt.

Other

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

Management asserted that the Airport District did not have any misappropriations of public funds or assets during the current fiscal period.

32. Observe and report whether the entity 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 Airport District does not have a website, but the required notices are properly posted at 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.

No exceptions were observed or identified regarding management's representations in the procedures above.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the management of Airport District No. 1 of Jefferson Davis Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Broadhurst, Hamilton & Company

Broadhurst, Hamilton & Company
Certified Public Accountants