

**ARK-LA-TEX REGIONAL  
AIR SERVICE ALLIANCE  
BOSSIER CITY, LOUISIANA  
DECEMBER 31, 2018 AND 2017**

**ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE**

**BOSSIER CITY, LOUISIANA**

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**AUDITED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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June 14, 2019

To the Board of Directors  
Ark-La-Tex Regional Air Service Alliance  
Bossier City, Louisiana

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Ark-La-Tex Regional Air Service Alliance (a nonprofit organization) which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***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 an opinion on these financial statements based on our audits. We conducted our audits 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ark-La-Tex Regional Air Service Alliance as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis-of-Matter***

As discussed in Note 2 to the financial statements, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, “*Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.*” The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Ark-La-Tex Regional Air Service Alliance adopted ASU 2016-14 for the year ended December 31, 2018, and applied it retrospectively to the comparative information for the year ended December 31, 2017. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ark-La-Tex Regional Air Service Alliance’s basic financial statements. The information required in accordance with Louisiana Revised Statute 24:513(A)(3) on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019, on our consideration of Ark-La-Tex Regional Air Service Alliance’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 effectiveness of 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 Ark-La-Tex Regional Air Service Alliance’s internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

<u>A S S E T S</u>	<u>2018</u>	<u>2017</u>
<b><u>Assets:</u></b>		
Cash and cash equivalents	1,601,270	940,259
Occupancy tax receivable	45,638	50,509
Prepaid insurance	<u>1,962</u>	<u>1,886</u>
Total assets	<u>1,648,870</u>	<u>992,654</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Liabilities:</u></b>		
Accounts payable	-	247
<b><u>Net assets:</u></b>		
With donor restrictions	-	-
Without donor restrictions	<u>1,648,870</u>	<u>992,407</u>
Total net assets	<u>1,648,870</u>	<u>992,407</u>
Total liabilities and net assets	<u>1,648,870</u>	<u>992,654</u>

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b><u>Change in net assets without donor restrictions:</u></b>		
<b><u>Revenues:</u></b>		
Occupancy tax	670,260	610,703
Interest income	<u>7,880</u>	<u>-</u>
Total revenues	678,140	610,703
<b><u>Expenses:</u></b>		
Program services	8,500	200,000
Management and general	<u>13,177</u>	<u>14,749</u>
Total expenses	<u>21,677</u>	<u>214,749</u>
<b><u>Change in net assets without donor restrictions</u></b>	656,463	395,954
<b><u>Change in net assets with donor restrictions</u></b>	<u>-</u>	<u>-</u>
<b><u>Change in net assets</u></b>	<u>656,463</u>	<u>395,954</u>
<b><u>Net assets at beginning of period</u></b>	<u>992,407</u>	<u>596,453</u>
<b><u>Net assets at end of period</u></b>	<u>1,648,870</u>	<u>992,407</u>

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>		<u>2017</u>	
	<u>Program Services</u>		<u>Program Services</u>	
	<u>Air Service Development</u>	<u>Management and General</u>	<u>Air Service Development</u>	<u>Management and General</u>
Administrative and service fees	-	6,506	-	6,188
Air service incentives	-	-	200,000	-
Professional fees	8,500	4,785	-	6,675
Insurance	-	1,886	-	1,886
	<u>8,500</u>	<u>13,177</u>	<u>200,000</u>	<u>14,749</u>

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b><u>Cash flows from operating activities:</u></b>		
Change in net assets	656,463	395,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	4,871	(7,570)
(Increase) decrease in prepaid expenses	(76)	-
Increase (decrease) in accounts payable	<u>(247)</u>	<u>247</u>
Net cash provided by operating activities	661,011	388,631
<b><u>Increase in cash and cash equivalents</u></b>	661,011	388,631
<b><u>Cash and cash equivalents at beginning of year</u></b>	<u>940,259</u>	<u>551,628</u>
<b><u>Cash and cash equivalents at end of year</u></b>	<u>1,601,270</u>	<u>940,259</u>

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. **Organization**

The Ark-La-Tex Regional Air Service Alliance (RASA) is a Louisiana nonprofit organization whose mission is to increase air service through the Shreveport Regional Airport for the benefit of citizens and business travelers in the Ark-La-Tex area. Chartered on January 23, 2012, RASA was formed and exempted under Section 501(c)(4) of the Internal Revenue Code, and is its own independent nonprofit entity. RASA works toward its objective through payments of incentives to airline carriers for their expansion of services in the Shreveport market. RASA's major funding source is the Shreveport-Bossier City hotel occupancy tax which became effective November 2015 and expires June 2027.

2. **Summary of Significant Accounting Policies**

The significant accounting policies followed by RASA and the methods of applying those policies which materially affect the determination of financial position, changes in financial position, or changes in net assets are summarized below:

**Financial Statement Presentation:**

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor imposed restrictions, as follows:

*Net assets without donor designations* – Net assets that are not subject to donor or grantor imposed restrictions. Some net assets without donor restrictions may be designated for specific purposes by action of the governing board.

*Net assets with donor designations* – Net assets subject to donor or grantor imposed restrictions that may or will be met by actions of the Organization. There are no donor or grantor restricted net assets at December 31, 2018 and 2017.

**Contributions:**

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

**Income Recognition:**

The source of substantially all revenue of RASA is through the collection of hotel occupancy tax by the municipalities of Shreveport and Bossier City. Generally, each municipality remits occupancy tax directly to RASA in the month following collection less a one percent service fee. RASA reports occupancy tax revenues at gross and service fees as an expense in the month collected by each municipality.

**Occupancy Tax Receivable:**

Occupancy taxes receivable are reported at their realizable value, net of service fees. Occupancy tax remittances are generally due by the end of the month following the month of collection by each municipality. Late fees are not charged. Interest on unpaid balances is not charged and RASA does not make its accounts receivable for sale. There are no bad debts.

## 2. Summary of Significant Accounting Policies (Continued)

### 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash and Cash Equivalents:

RASA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of these financial instruments.

### Income Taxes:

RASA is exempt from income taxes as an organization described in Section 501(c)(4) of the Internal Revenue Code. RASA has been classified as an organization that is not a private foundation under Section 509(a). Accordingly, there is no provision for income taxes in these financial statements; however, RASA is required to file U.S. Federal Form 990 for informational purposes.

RASA is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, RASA must assess whether it has any tax positions associated with unrelated business income subject to income tax. RASA does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in RASA's accounting records.

### Accounting Changes:

In August 2016, the FASB issued ASU No. 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*," with the stated purpose of improving financial reporting by those entities. Among other provisions, this ASU reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires additional disclosures concerning liquidity and the availability of financial resources. This standard is effective for fiscal years beginning after December 15, 2017, and requires the use of the retrospective transition method. The organization adopted this standard for the year ended December 31, 2018, and applied it retrospectively to the comparative information for the year ended December 31, 2017.

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the periods presented. RASA net assets previously reported as unrestricted are now reported as net assets without donor restrictions. RASA did not have any temporarily or permanently restricted net assets.

### Functional Expenses:

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to both program services and supporting activities, and are charged directly to either program services or supporting expenses based on the nature of expense.

### Recent Accounting Pronouncements:

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition

2. **Summary of Significant Accounting Policies** (Continued)

guidance in U.S. GAAP when it becomes effective. On April 1, 2015, the FASB proposed to defer the effective date by one year until January 1, 2018, but would allow early adoption as of the original January 1, 2017, effective date. The standard permits the use of either the retrospective or cumulative effect transition method. The Organization does not believe that ASU 2014-09 will have a significant effect on its financial statements and related disclosures.

3. **Major Sources of Revenue**

Approximately 100 percent of revenues for the years ended December 31, 2018 and 2017 were provided through the collection of hotel occupancy taxes as follows:

<u>Source</u>	<u>2018</u>	<u>2017</u>
City of Shreveport	\$ 343,525	\$ 312,396
City of Bossier City	<u>326,735</u>	<u>298,307</u>
	<u>\$ 670,260</u>	<u>\$ 610,703</u>

4. **Concentrations of Credit Risk**

RASA maintains cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. RASA's uninsured cash balances totaled \$-0- and \$690,259 at December 31, 2018 and 2017, respectively.

5. **Commitments**

The RASA board of directors approved a community support grant for the promotion of air service at the Shreveport Regional Airport totaling \$75,000 to be paid over a three-year period beginning in the year 2019.

6. **Liquidity**

RASA invests cash in excess of estimated one-year operating requirements in certificates of deposit with short-term maturities. The availability of RASA's financial assets to meet cash needs is as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$1,601,270	\$ 940,259
Occupancy tax receivable	<u>45,638</u>	<u>50,509</u>
	\$1,646,908	\$ 990,768
Less: Donor imposed restrictions making financial assets unavailable for general expenditures	<u>-</u>	<u>-</u>
Financial assets available within one year to meet cash needs for general expenditures	<u>\$1,646,908</u>	<u>\$990,768</u>

7. **Subsequent Events**

The Organization has evaluated subsequent events through June 14, 2019, the date which the financial statements were available to be issued. No reportable items were noted.

**SUPPLEMENTARY INFORMATION**

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2018

This schedule is not applicable to the Ark-La-Tex Regional Air Service Alliance as no such payments were made; however, it is included to comply with Louisiana Revised Statute 24:513(A)(3) (ACT 706 of 2014).

**OTHER REPORTS**

# HEARD, McELROY, & VESTAL

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June 14, 2019

To the Board of Directors  
Ark-La-Tex Regional Air Service Alliance  
Bossier City, Louisiana

**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**

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 Ark-La-Tex Regional Air Service Alliance, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 14, 2019.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ark-La-Tex Regional Air Service Alliance'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ark-La-Tex Regional Air Service Alliance'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 that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Ark-La-Tex Regional Air Service Alliance.
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported.
3. No instances of noncompliance material to the basic financial statements of Ark-La-Tex Regional Air Service Alliance were disclosed during the audit.
4. Ark-La-Tex Regional Air Service Alliance was not subject to a Federal Single Audit for the year ended December 31, 2018.

**B. Findings - Financial Statement Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs**

Not applicable.

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2018

No prior year findings were reported.

**ARK-LA-TEX REGIONAL  
AIR SERVICE ALLIANCE**

**STATEWIDE AGREED-UPON  
PROCEDURES REPORT**

**YEAR ENDED DECEMBER 31, 2018**

# HEARD, McELROY, & VESTAL

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June 14, 2019

The Board of Directors  
Ark-La-Tex Regional Air Service Alliance

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Ark-La-Tex Regional Air Service Alliance (RASA) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 01, 2018 through December 31, 2018. RASA's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. 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

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

*The entity has adequate written procedures covering budgeting per these requirements.*
  - 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.

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*The entity has adequate written procedures covering purchasing per these requirements.*

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

*The entity has adequate written procedures covering disbursements per these requirements.*

- d) Receipts, collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).

*The entity has adequate written procedures covering receipts per these requirements.*

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

*The entity has no 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.

*The entity has adequate written procedures covering contracts per these requirements.*

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

*The entity has no 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.

*The entity has no travel expenses or expense reimbursements.*

- 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.

*The entity is not subject to the ethics policy requirement.*

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

*The entity has no debt.*

Board or Finance Committee

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*Not applicable because of no exceptions in previous year.*

Bank Reconciliations

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*Not applicable because of no exceptions in previous year.*

Collections

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2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*A listing of cash deposit sites was obtained.*

3. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*The entity has no employees. However, the Board members are responsible for the above procedures. No exceptions noted.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*The entity has no employees. However, the Board members are responsible for the above procedures. No exceptions noted.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*The entity has no employees. However, the Board members are responsible for the above procedures. No exceptions noted.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

*The entity has no employees. However, the Board members are responsible for the above procedures. No exceptions noted.*

4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*The entity has no employees.*

5. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

*No exceptions noted*

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

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6. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*A listing of locations that process payments was obtained.*

7. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*The entity has no employees. However, the Board members are responsible for the above procedures. No exceptions noted.*

- b) At least two employees are involved in processing and approving payments to vendors.  
*The entity has no employees. However, the Board members are responsible for the above procedures. No exceptions noted.*
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.  
*The entity has no employees. However, the Board members are responsible for the above procedures. No exceptions noted.*
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.  
*The entity has no employees. However, two Board members are responsible for the above procedures. No exceptions noted.*
8. For each location selected under #6 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.  
*No exceptions noted.*
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable.  
*No exceptions noted.*

#### Credit Cards/Debit Cards/Fuel Cards/P-Cards

9. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.  
*The entity does not have credit cards.*
10. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.  
*Not applicable.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*Not applicable.*

- 11. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*Not applicable.*

### Travel and Expense Reimbursement

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- 12. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*The entity had no travel and related expense reimbursements.*

### Contracts

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- 13. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing

is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*A listing was obtained and no exceptions were noted.*

#### Payroll and Personnel

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14. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*The entity has no employees.*

15. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that 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.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Not applicable; the entity has no employees.*

16. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates

used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*Not applicable; the entity has no employees.*

17. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*Not applicable; the entity has no employees.*

## Ethics

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18. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Not applicable; the entity is not subject to the ethics requirement.*

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Not applicable; the entity is not subject to the ethics requirement.*

## Debt Service

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19. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*Not applicable; the entity has no debt.*

20. Obtaining a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*Not applicable; the entity has no debt.*

Other

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21. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management represented that the entity had no misappropriations of public funds or assets during the fiscal year.*

22. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The notice is posted on its premises and website.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana