

AIRPORT DISTRICT NO. 1
OF THE PARISH OF BEAUREGARD
BEAUREGARD PARISH POLICE JURY
STATE OF LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
State of Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of Airport District No. 1 of the Parish of Beauregard, State of Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of Airport District No. 1 of the Parish of Beauregard, State of Louisiana as of December 31, 2018, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis 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 the Parish of Beauregard, State of Louisiana'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 is the responsibility of management and was derived from and relates 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 America. In our opinion, the schedule of compensation, benefits and other payments to agency head 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 12, 2019, on our consideration of Airport District No. 1 of the Parish of Beauregard, State of Louisiana'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 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 Airport District No. 1 of the Parish of Beauregard, State of Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
June 12, 2019

BASIC FINANCIAL STATEMENTS

Airport District No. 1 of the Parish of Beauregard
State of Louisiana

Statement A

Statement of Net Position
December 31, 2018

	Business-Type Activities - Enterprise Fund
Assets	
Cash	\$ 199,973
Grants receivable	8,536
Inventory	27,040
Capital assets not being depreciated	383,777
Capital assets being depreciated - net	<u>5,900,267</u>
Total assets	<u><u>\$ 6,519,593</u></u>
Liabilities	
Accounts payable	\$ 6,798
Contracts payable	7,744
Security deposits payable	14,500
Total liabilities	<u><u>\$ 29,042</u></u>
Net Position	
Net investment in capital assets	\$ 6,276,300
Unrestricted	214,251
Total net position	<u><u>\$ 6,490,551</u></u>
Total liabilities and net position	<u><u>\$ 6,519,593</u></u>

The accompanying notes are an integral part of this statement.

Airport District No. 1 of the Parish of Beauregard
State of Louisiana

Statement B

Statement of Activities
For the Year Ended December 31, 2018

Program Activities	Expenses	Charges for Services	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Business-Type Activities
Business-type activities:					
Airport operations	\$ 750,594	\$ 514,759	\$ 19,767	\$ 79,929	\$ (136,139)
		General revenues:			
					\$ 394
					225
			Total general revenues		\$ 619
			Change in net position		\$ (135,520)
			Net position at beginning of year		6,626,071
			Net position at end of year		\$ 6,490,551

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Fund
December 31, 2018

	<u>Business-Type Activities - Enterprise Fund</u>
Assets	
Current Assets	
Cash	\$ 199,973
Grants receivable	8,536
Inventory	27,040
Total current assets	<u>\$ 235,549</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 383,777
Capital assets being depreciated - net	5,900,267
Total noncurrent assets	<u>\$ 6,284,044</u>
Total assets	<u><u>\$ 6,519,593</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 6,798
Contracts payable	7,744
Total current liabilities	<u>\$ 14,542</u>
Noncurrent Liabilities	
Security deposits payable	<u>\$ 14,500</u>
Total liabilities	<u>\$ 29,042</u>
Net Position	
Net investment in capital assets	\$ 6,276,300
Unrestricted	214,251
Total net position	<u>\$ 6,490,551</u>
Total liabilities and net position	<u><u>\$ 6,519,593</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2018

	<u>Business-Type Activities - Enterprise Fund</u>
Operating revenues:	
Charges for services	
Fuel sales	\$ 197,487
Timber sales	201,560
Rentals and leases	115,712
Total operating revenues	<u>\$ 514,759</u>
Operating expenses:	
Personal services	\$ 189,001
Supplies and materials	2,993
Fuel	135,567
Contractual services	102,438
Utilities	21,669
Depreciation	298,926
Total operating expenses	<u>\$ 750,594</u>
Income (loss) from operations	<u>\$ (235,835)</u>
Non-operating revenues (expenses)	
Investment income	\$ 394
Miscellaneous revenues	225
Total non-operating revenues (expenses)	<u>\$ 619</u>
Loss before capital contributions	\$ (235,216)
Capital contributions	<u>\$ 99,696</u>
Change in net position	\$ (135,520)
Net position at beginning of year	<u>6,626,071</u>
Net position at end of year	<u><u>\$ 6,490,551</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	\$ 514,759
Cash payments to suppliers for goods and services	(261,579)
Cash payments to employees for services	(189,001)
Net cash provided by operating activities	\$ 64,179
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (73,800)
Contributed capital received	75,484
Net cash provided for capital and related financing activities	\$ 1,684
Cash flows from noncapital and related financing activities:	
Contributed capital received	\$ 19,767
Security deposits received	2,500
Miscellaneous	225
Net cash provided by noncapital and related financing activities	\$ 22,492
Cash flow from investing activities:	
Interest on cash and investments	\$ 394
Net cash provided by investing activities	\$ 394
Net increase (decrease) in cash and cash investments	\$ 88,749
Cash and cash investments, beginning	111,224
Cash and cash investments, ending	\$ 199,973

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2018

	<u>Business-Type Activities - Enterprise Funds</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:	
Income (loss) from operations	<u>\$ (235,835)</u>
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:	
Depreciation	\$ 298,926
Change in assets and liabilities:	
Increase in inventory	(4,059)
Increase in accounts payable	<u>5,147</u>
Net cash provided by operating activities	<u>\$ 64,179</u>
	(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Airport District No. 1 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

INTRODUCTION

Airport District No. 1 of the Parish of Beauregard, State of Louisiana was created by the Beauregard Parish Police Jury through the adoption of Resolution 58-88 dated December 13, 1988, by virtue of the authority conferred by Sub-Part A, Part IV, Chapter 2, Title 2 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority. The Airport District provides for the general maintenance, upkeep, and construction of property, plant and equipment of the Beauregard Regional Airport, DeRidder, Louisiana. The governing authority of the Airport District is a Board of Commissioners consisting of ten members selected by the Beauregard Parish Police Jury to serve a period of two years. The commissioners of the District receive no compensation for their services. The airport employees consist of five individuals that handle all maintenance and clerical work. The Airport District's boundaries include approximately four thousand acres located within the Parish of Beauregard, State of Louisiana.

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Airport District No. 1 of the Parish of Beauregard, State of Louisiana is considered a component unit of the Beauregard Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Airport District No. 1 of the Parish of Beauregard, State of Louisiana. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Airport District No. 1 of the Parish of Beauregard, State of Louisiana reports the following proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) 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.

Airport District No. 1 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing fuel, water, rentals, leases, and timber sales comprise the operating revenue of the District's enterprise fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Airport District No. 1 of the Parish of Beauregard, State of Louisiana's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Inventories

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense during the current fiscal year.

All capital assets, other than land and work in progress, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	40-50 years
Improvements other than buildings	10-40 years
Machinery and equipment	5-20 years

Notes to the Financial Statements (Continued)

F. Compensated Absences

The District has the following policy relating to sick leave and annual leave:

Sick Leave

All permanent, full-time employees are eligible to receive five days sick leave per year. There can be no sick leave carried over from one year to the next. Upon termination of employment the employee will not be paid for unused sick leave.

Annual Leave

Permanent, full-time employees may earn annual leave. All annual leave must be scheduled no later than January 31st each year and approved in advance.

Annual leave will accrue as follows:

<u>Required Length of Employment</u>	<u>Annual Leave Authorized</u>
One year	One week / 5 days
Two – Four years	Two weeks / 10 days
Five – Ten years	Three weeks / 15 days
Eleven years & above	Four weeks / 20 days

Employees may accumulate and carry over a maximum of two weeks /10 days from one year to the next. Any annual leave above the two weeks maximum must be taken prior to December 31st of each calendar year or be lost.

Any accumulated annual leave as of December 31st would be immaterial to the financial statements and has not been recorded.

G. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Airport District No.1 of the Parish of Beauregard, State of Louisiana has no long-term obligations as of December 31, 2018.

H. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the district, which are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items to report as of December 31, 2018.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Airport District No. 1 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Continued)

2. CASH AND CASH EQUIVALENTS

At December 31, 2018, the District has cash and cash equivalents (book balances) totaling \$199,973 as follows:

Money market accounts	\$ 199,673
Petty cash	300
Total	<u>\$ 199,973</u>

The District's cash is on deposit along with the cash of the Beauregard Parish Police Jury. The Policy Jury has federal deposit insurance along with adequate amounts of pledged securities to secure all deposits under their control.

The cash and cash equivalents of the Airport District No. 1 of the Parish of Beauregard, State of Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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 times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes 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 bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At December 31, 2018, the District has \$199,673 in deposits (collected bank balances). These deposits are secured from risk by \$199,673 of federal deposit insurance and pledged securities held by an unaffiliated bank of the pledgor bank. These pledged securities are deemed by law to be under the control and possession and in the name of the District and deposits are therefore properly collateralized.

3. RECEIVABLES

The receivables of \$8,536 at December 31, 2018 are as follows:

Grants	<u>\$ 8,536</u>
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Airport District No. 1 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Continued)

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 305,267	\$ -	\$ -	\$ 305,267
Construction in progress	4,091	74,419	-	78,510
Total capital assets not being depreciated	<u>\$ 309,358</u>	<u>\$ 74,419</u>	<u>\$ -</u>	<u>\$ 383,777</u>
Capital assets being depreciated				
Buildings	\$ 746,054	\$ -	\$ -	\$ 746,054
Improvements other than buildings	10,439,090	-	-	10,439,090
Machinery and equipment	615,525	5,510	-	621,035
Total capital assets being depreciated	<u>\$ 11,800,669</u>	<u>\$ 5,510</u>	<u>\$ -</u>	<u>\$ 11,806,179</u>
Less accumulated depreciation for:				
Buildings	\$ 486,585	\$ 18,652	\$ -	\$ 505,237
Improvements other than buildings	4,632,440	268,857	-	4,901,297
Machinery and equipment	487,961	11,417	-	499,378
Total accumulated depreciation	<u>\$ 5,606,986</u>	<u>\$ 298,926</u>	<u>\$ -</u>	<u>\$ 5,905,912</u>
Total business-type assets being depreciated, net	<u>\$ 6,193,683</u>	<u>\$ (293,416)</u>	<u>\$ -</u>	<u>\$ 5,900,267</u>

5. CONSTRUCTION COMMITMENTS

The District had an active construction project as of December 31, 2018. The project is to rehabilitate the runway apron.

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Rehabilitate Apron Project	\$ 78,510	\$ 80,059

6. ACCOUNTS AND OTHER PAYABLES

The payables of \$29,042 at December 31, 2018, are as follows:

Accounts	\$ 6,798
Contracts	7,744
Security deposits	<u>14,500</u>
Total accounts and other payables	<u>\$ 29,042</u>

Airport District No. 1 of the Parish of Beauregard
State of Louisiana

Notes to the Financial Statements (Concluded)

7. PENSION PLAN

Substantially all employees of Airport District No. 1 of the Parish of Beauregard, State of Louisiana are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. The employees of the Airport District are members of Plan A.

The employees of the District are included along with the employees of the Beauregard Parish Police Jury's Parochial Employee's Retirement System of Louisiana, therefore the District's employees are also included in the reporting by the Police Jury of their participation in the Parochial Employee's Retirement system of Louisiana in accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions as amended by the GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, which have been adopted by the Beauregard Parish Police Jury.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to 1 percent of final-average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, PO Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 11.50% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System under Plan A for the years ending December 31, 2018, 2017 and 2016, were \$14,762, \$15,363, and \$16,059, respectively, equal to the required contributions for each year.

OTHER SUPPLEMENTAL INFORMATION

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head Name - Sam Lack

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 48,048
Benefits - insurance	7,705
Benefits - retirement	5,526
Deferred compensation	-
Benefits - HSA Contribution	3,142
Car allowance	-
Vehicle provided by government	-
Cell phone	780
Dues	200
Vehicle rental	-
Per diem	-
Reimbursements	2,604
Travel	133
Registration fees	125
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2018

There were no prior year audit findings as of December 31, 2017.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended December 31, 2018

There were no current year audit findings as of December 31, 2018.

Windham & Reed, L.L.C.

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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

Members of the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
State of 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 business-type activities and the major fund of Airport District No. 1 of the Parish of Beauregard, State of Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Airport District No. 1 of the Parish of Beauregard, State of Louisiana's basic financial statements, and have issued our report thereon dated June 12, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Airport District No. 1 of the Parish of Beauregard, State of Louisiana'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Airport District No. 1 of the Parish of Beauregard, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Airport District No. 1 of the Parish of Beauregard, State of Louisiana'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 Airport District No. 1 of the Parish of Beauregard, State of Louisiana'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 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 communication is not suitable for any other purpose.



DeRidder, Louisiana
June 12, 2019

Windham & Reed, L.L.C.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Members of the Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
State of Louisiana

We have performed the procedures enumerated below, which were agreed to by Airport District No. 1 of the Parish of Beauregard, State of Louisiana (Entity) 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 July 1, 2017 through June 30, 2018. The Entity'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*. 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 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
Written policies for budgeting were observed and address the above items.
 - 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.
Written policies for purchasing were observed and address the above items.
 - c) **Disbursements**, including processing, reviewing, and approving
Written policies for disbursements were observed and address the above items.
 - 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).

Written policies for receipts/collections were observed and address the above items.

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

Written policies for payroll/personnel were observed and address the above items.

- 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

Written policies for contracting were observed and address the above items.

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Not applicable.

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

Written policies for travel and expense reimbursement were observed and address the above items.

- 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.

Written policies for ethics were observed and address the above items.

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

Not applicable.

Board or Finance Committee

2. Obtain and inspect the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The board of directors meets monthly with a quorum.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Not applicable.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable.

Bank Reconciliations – Not Applicable

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. 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).

Obtained listing and management's representation that the listing is complete.

5. 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.

One collection site only has one employee and one cash drawer.

Members of The Board of Commissioners
Airport District No. 1 of the Parish of Beauregard
State of Louisiana

- 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.

An employee collecting the cash also prepares the bank deposit.

- 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.

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.

No exceptions noted.

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

All employees who have access to cash are bonded.

7. 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). *Alternatively, 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.

Receipts are sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- 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).

Some deposits more than \$100 were not made within one business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. 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).

Obtained listing of locations that process payments and management's representation that the listing is complete.

- 9. 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.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

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 individual responsible for processing payments can also add or modify vendor files.

- 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.

No exceptions noted.

- 10. For each location selected under #8 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 #9, as applicable.

Disbursement documentation does not include evidence of segregation of duties.

Credit Cards/Debit Cards/Fuel Cards/P-Cards – Not Applicable

- 11. 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.
- 12. 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. [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.]
 - b) Observe that finance charges and/or late fees were assessed on the selected statements.
- 13. 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).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 14. 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 reimbursement, 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).
Obtained from management a listing of all travel and travel related expense reimbursement and management's representation that the listing is complete.
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by and original itemized receipt that identifies precisely what was purchased.
No exceptions noted.

- 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).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Reimbursements were not always approved by someone other than the person receiving the reimbursement.

Contracts

- 15. 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. *Alternatively, 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:

Obtained listing of all contracts and management's representation that the listing is complete.

- 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.

No exceptions noted.

- 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).

No exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions noted.

- 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.

No exceptions noted.

Payroll and Personnel

- 16. 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.

Obtained listing of all employees during the fiscal year and management's representation that the listing is complete.

17. 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.)
No exceptions noted.
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
No exceptions noted.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
No exceptions noted.
18. 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' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
Not applicable.
19. 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.
No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics compliance documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
No exceptions noted.
 - 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.
There is no written documentation that each employee has read the Entity's ethics policy.

Debt Service – Not Applicable

21. 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.
22. Obtain 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.

Other

23. 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.

Not applicable.

24. 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.

No exceptions noted.

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.

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
June 12, 2019