

VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
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THE HALFORD FIRM, PLLC

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Vicksburg-Tallulah District Airport Board
175 VTR Airport Road
Tallulah, LA 71282

We have audited the accompanying financial statements of the business-type activities of the Vicksburg-Tallulah District Airport Board (a quasi-governmental entity) as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the Airport'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 governmental activities and each major fund of the Vicksburg-Tallulah District Airport Board, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5, the budgetary comparison information on page 14, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vicksburg-Tallulah District Airport Board's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, benefits, and other payments to agency head on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated May 29, 2018, on our consideration of the Vicksburg-Tallulah District Airport Board'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 on 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 the Vicksburg-Tallulah District Airport Board's internal control over financial reporting and compliance.

The Halford Firm, PLLC

Vicksburg, Mississippi
May 29, 2018

REQUIRED SUPPLEMENTARY INFORMATION

PART I

Management's Discussion and Analysis

December 31, 2017

As management of the Vicksburg-Tallulah District Airport Board (Airport), we offer readers of the Airport's financial statements this narrative overview and analysis of the financial activities of the Airport for the fiscal year ended December 31, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

The Airport's net position increased by \$120,807 in the year ended December 31, 2017. This increase was comprised of a \$21,146 increase in unrestricted assets and a \$99,661 increase in investment in capital assets. During the year ended December 31, 2017, depreciation and amortization expense amounted to \$503,116 and \$588,110 of fixed assets were purchased. The related debt was reduced by \$14,667.

During the year, the Airport's revenue from business-type operations increased \$20,600. This was primarily due to an increase in fuel sales. While operating revenue increased \$20,600, operating expenses increased \$63,893. The most significant increase of operating expense was depreciation.

During the current year, the Airport received \$575,096 in grants from the LADOTD and FAA to be used for major additions and improvements to the Airport. The Airport added \$588,110 to fixed assets in the current year.

This discussion and analysis serves as an introduction to the Airport's basic financial statements, which consist of four components: 1) Statement of Net Position, 2) Statement of Activities, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements.

Statement of Net Position. This statement presents the Airport's assets and liabilities, with the difference of assets and liabilities reported as net position. The fluctuation in net position can be used as an indication of whether the financial position of the Board is improving or deteriorating.

Statement of Activities. Consistent with the full accrual basis method of accounting, this statement accounts for current year revenues and expenses regardless of when cash is received or paid. The statement also exhibits the relationship of revenue and expenses with the changes in net position.

Statement of Cash Flows. The statement of cash flows illustrates the cash inflows and outflows of the Vicksburg-Tallulah District Airport Board.

Notes to the Financial Statements. The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

REPORTING ON THE VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD AS A WHOLE

The following table reflects the condensed Statement of Net Position:

CONDENSED STATEMENT OF NET POSITION		
Years Ended December 31, 2017, and 2016		
	2017	2016
Assets		
Current and other assets	\$ 504,335	\$ 260,857
Capital assets, net of accumulated depreciation	13,440,960	13,355,966
Total Assets	13,945,295	13,616,823
Liabilities		
Current and other liabilities	329,478	107,146
Long-term liabilities	351,998	366,665
Total Liabilities	681,476	473,811
Net Position		
Invested in capital assets, net of debt	13,074,295	12,974,634
Unrestricted	189,524	168,378
Total Net Position	\$ 13,263,819	\$ 13,143,012

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Vicksburg-Tallulah District Airport Board, assets exceed liabilities at the close of the fiscal year by \$13,263,819 in 2017 and \$13,143,012 in 2016. Of these amounts, \$13,074,295, or 99%, and \$12,974,634, or 99% of the total net position represent the investment of the Airport in capital assets net of related debt. Net position of \$189,524 and \$168,378 for 2017 and 2016, respectively, are technically unrestricted.

The following table reflects the condensed Statement of Activities:

CONDENSED STATEMENT OF ACTIVITIES		
Years Ended December 31, 2017, and 2016		
	2017	2016
Revenues		
Program revenues		
Sales	\$ 418,431	\$ 404,827
Rental	77,997	75,683
Other	21,059	16,377
Other Revenues		
Intergovernmental	764,017	392,910
Interest earned	67	88
Total Revenues	1,281,571	889,885
Function/Program Expenses		
Fuel purchases	332,968	304,880
Depreciation	502,534	459,017
Payroll and related benefits	181,245	186,735
Other	144,017	146,239
Total Expenses	1,160,764	1,096,871
Increase (Decrease) in Net Position	120,807	(206,986)
Net Position - Beginning	13,143,012	13,349,998
Net Position - Ending	\$ 13,263,819	\$ 13,143,012

As indicated above, net position increased by \$120,807. This increase is primarily due to the addition of fixed assets.

General Fund Budgetary Highlights

The Airport prepares an annual budget to be used as a planning tool.

A budgetary comparison schedule showing the Airport's originally adopted budget compared with actual operating results is provided on page 14 of the report that follows.

Economic Factors and Next Year's Budget

The Airport considers many factors when setting their budget.

Revenues and expenditures of the Airport's funds are expected to remain fairly consistent with the 2017 fiscal year with the exception of grant funds and capital outlay.

Requests for Information

This financial report is designed to provide a general overview of the Airport's finances for all those with an interest in the Airport's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Vicksburg-Tallulah District Airport Board, 175 VTR Airport Road, Tallulah, LA 71282.

BASIC FINANCIAL STATEMENTS

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATEMENT OF NET POSITION – PROPRIETARY FUND
DECEMBER 31, 2017**

Assets

Current Assets

Cash and cash equivalents	\$	388,583
Accounts receivable		74,118
Inventory		40,419
Prepaid expenses		1,215
Total Current Assets		504,335

Non-Current Assets

Capital assets,		
net of accumulated depreciation		13,431,176
Prepaid lease,		
net of accumulated amortization		9,784
Total Non-Current Assets		13,440,960

Total Assets		13,945,295
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Liabilities and Net Position

Liabilities

Accounts payable		308,014
Payroll tax liabilities		6,797
Mortgage payable - current		14,667
Total Current Liabilities		329,478
Mortgage payable - long term		351,998
Total Liabilities		681,476

Net Position

Invested in capital assets		13,074,295
Unrestricted		189,524
Total Net Position		\$ 13,263,819

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

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Enterprise
Operating Revenues	
Fuel sales	\$ 418,431
Hangar and property leases	77,997
Miscellaneous	21,059
Total Operating Revenues	517,487
Operating Expenses	
Fuel purchases and expenses	332,968
Repairs and maintenance	30,303
Payroll and related benefits	181,245
Depreciation	502,534
Amortization	582
Insurance	22,084
Office	23,455
Utilities	33,397
Contract services	28,928
Materials and supplies	5,268
Total Operating Expenses	1,160,764
Income (Loss) from Operations	(643,277)
Non Operating Revenue	
LADOTD	55,711
Interest income	67
FAA grants	519,385
Total Non Operating Revenue	575,163
Gain (Loss) Before Contributions from Partners	(68,114)
Capital Contributions from Other Governments (Partners)	188,921
Change in Net Position	120,807
Net Position at Beginning of Year	13,143,012
Net Position at End of Year	\$ 13,263,819

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

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 511,073
Cash paid for fuel purchases	(345,905)
Cash paid for employee services	(179,138)
Cash paid for other costs	<u>(126,000)</u>
Net cash provided (used) by operating activities	<u>(139,970)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	<u>67</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
FAA and LADOTD grants	603,172
Capital contributions from partners	189,021
Purchases of capital assets	(369,284)
Reduction of note payable	<u>(14,667)</u>
Net cash provided (Used) by capital and related financing activities	<u>408,242</u>
Net increase in cash and cash equivalents	268,339
Cash and cash equivalents, beginning of year	<u>120,244</u>
Cash and cash equivalents, end of year	<u><u>\$ 388,583</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Cash flows from operating activities:	
Income (loss) from operations	\$ (643,277)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation & amortization	503,116
(Increase) decrease in:	
Accounts receivable - trade	(6,414)
Inventory	(12,937)
Prepaid expenses	16,036
Increase (decrease) in:	
Trade accounts payable and payroll taxes	<u>3,506</u>
Net cash provided (used) by operating activities	<u><u>\$ (139,970)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

INTRODUCTION

The Airport Board was created in an effort between Mississippi and Louisiana, comprised of the City of Vicksburg, Mississippi, the City of Tallulah, Louisiana, Madison Parish Police Jury, and the Warren County, Mississippi Board of Supervisors. The Board is responsible for construction and management of the Vicksburg-Tallulah Airport. The Airport is considered a quasi-public entity because a majority of the governing body is appointed by or authorized to be appointed by a government or individual governmental official as part of their official duties. Members of the board are appointed by the respective cities, parish or county. Each area is designated a specific number of members to appoint. Presently there are five board members. Intergovernmental revenues and participating revenues are provided by these four entities or the State of Louisiana on behalf of the two Louisiana members. The Airport is located in Mound, Louisiana.

The entities above created a regional airport authority pursuant to the regulations of Mississippi and Louisiana acting by and through the Louisiana Department of Transportation and Development, Office of Aviation and Public Transportation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The following is a summary of certain significant accounting policies and practices:

Fund Accounting

The Vicksburg-Tallulah District Board is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

Net Position

The Airport's resources are classified for accounting and reporting purposes into the following two net position categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and long-term leases net of amortization reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Unrestricted net position consists of net position which does not meet the definition of the preceding category. Unrestricted net position often has constraints on resources which are imposed by management, but can be removed or modified.

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use by external parties such as creditors, grantors, laws or regulations of other governments.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued

Cash and Cash Equivalents

Cash includes amounts in demand deposits. Under state law, the Board may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having a principle office in Louisiana. Certificates of deposits are classified as investments if their maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out method.

Capital Assets

Under GASB Statement No. 34, capital assets, which include buildings, other improvements, machinery and equipment, vehicles, and furniture and fixtures, are reported and depreciated in the applicable government or business-type activities column of the governmental-wide financial statements.

All purchased capital assets are recorded at cost. Donated capital assets are valued at fair market value at date of gift. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Interest is capitalized on funds used during the construction of projects acquired with bond funds.

Capital assets are depreciated over the estimated useful lives of the assets using the straight-line method. Estimated useful lives are as follows:

Terminal building	45 years
Airport facilities, runway, etc.	45 years
Localizer	45 years
Office furniture, fixtures, and equipment	5 to 15 years
Equipment	10 to 20 years
Vehicles	5 years
Hangars	20 years

Bad Debts

The Airport uses the allowance method for recognizing bad debts. The Board has had very few bad debts in prior years and believes the current receivables are collectible. Since all receivables at year end were collected prior to March 31, 2017, no allowance has been established for the year ending December 31, 2017.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued

Use of Estimates

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

Budgetary Practices

The Board adopts the annual budget using the prior year's revenues and expenditures and current price levels as a guide. The Board budgets the expected operating results without considering depreciation expense. The budget presented in the accompanying financial statements is shown without the current year's depreciation expense.

NOTE 2 CASH

As reflected in the financial statements, the Board had cash and cash equivalents totaling \$388,583 at December 31, 2017. The bank balances at December 31, 2017, were \$385,741 of which \$278,856 was insured from loss by FDIC. Cash and investments are stated at cost which approximates market. Under state law, these deposits 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 the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

At December 31, 2017, the Board had cash and cash equivalents as follows:

Petty cash	\$	150
Demand deposits		31,548
Interest bearing demand deposits		356,885
Total	\$	388,583

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

Local entities (partners)	\$	13,090
Trade		10,389
LDOTD / FAA		50,639
Total	\$	74,118

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 4 CHANGES IN CAPITAL ASSETS

The changes in capital assets are as follows:

	Balance 1/1/2017	Addition	Deduction	Balance 12/31/2017
Land	\$ 489,388	\$ -	\$ -	\$ 489,388
Aviation servitide	77,979	-	-	77,979
Airport facilities	16,029,717	724,231	-	16,753,948
Airport equipment	253,969	13,100	-	267,069
Terminal building	238,670	-	-	238,670
Fuel trucks	115,450	-	-	115,450
Fuel farm	190,650	-	-	190,650
T-Hangars	307,393	-	-	307,393
Office furniture and equipment	8,590	-	-	8,590
Construction in progress:	170,271	575,010	724,231	21,050
Total	<u>17,882,077</u>	<u>1,312,341</u>	<u>724,231</u>	<u>18,470,187</u>
Less: Accumulated depreciation	<u>(4,536,477)</u>	<u>(502,534)</u>	<u>-</u>	<u>(5,039,011)</u>
Total	<u>\$13,345,600</u>	<u>\$ 809,807</u>	<u>\$ 724,231</u>	<u>\$13,431,176</u>

NOTE 5 PREPAID LAND LEASE

In November 2014, the airport entered into a 20 year lease of land. The total lease for the 20 year period is \$11,925. The prepaid lease per the December 31, 2017, financial statements is as follows:

Total prepaid lease	\$ 11,625
Less accumulated amortization	(1,841)
	<u>\$ 9,784</u>

NOTE 6 CONTINGENCY

The Airport Authority receives federal and state monies for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in request for reimbursement by the grantor agency for expenditures disallowed under the terms and conditions of the appropriate agency. Management believes that expenditures disallowed would be insignificant, if any at all.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 7 HANGAR AND PROPERTY LEASES

The Airport leases hangars and property. The property leases are for a period of twenty years, whereas hangar leases generally are for annual periods and can be cancelled with a 30-day notice. Annual rent to be collected on property leases for each of the next five years is \$46,054. The hangars have a cost of \$307,393 with related accumulated depreciation of \$217,520 at December 31, 2017. The property leased is a portion of the total airport land.

NOTE 8 RISK MANAGEMENT

The Airport is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; error and omissions; and natural disasters for which the airport carries commercial insurance. No claims were paid on any of the policies during the past three years. There was no reduction in insurance coverage during the year ended December 31, 2017.

NOTE 9 DONATED ASSET

On December 28, 2013, Southall Properties (a land lease tenant) donated a building appraised for \$440,000 to the airport. In return, the airport entered into a 30-year lease for the property at a rate of \$1.00 per year. This was recorded on the airport books at the appraised value of \$440,000 and a corresponding liability of \$440,000, which will be removed over 30 years by recording the uncollected land lease income. The substance of the transaction was the airport purchased the building by foregoing the lease payments for 30 years.

NOTE 10 SUBSEQUENT EVENTS

Subsequent events were evaluated through May 29, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

PART II

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATEMENT OF ACTIVITIES – PROPRIETARY FUND
BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget	Actual	Favorable/ (Unfavorable) Variation
Revenue			
Fuel sales	\$ 430,000	\$ 418,431	\$ (11,569)
Hanger and property lease	63,329	77,997	14,668
Income from partners	184,426	188,921	4,495
Other	3,875	21,126	17,251
Total revenue	681,630	706,475	24,845
Expenses			
Fuel purchase and expense	312,500	332,968	(20,468)
Payroll and related benefits	222,620	181,245	41,375
Insurance	34,000	22,084	11,916
Office	24,265	23,455	810
Utilities	34,050	33,397	653
Contact services	20,250	28,928	(8,678)
Material and supplies	8,895	5,268	3,627
Repair and maintenance	25,050	30,303	(5,253)
Total expense	681,630	657,648	23,982
Net Income	\$ -	48,827	\$ 48,827
Adjustments			
FAA and LADOTD grants		575,096	
Amortization expense		(582)	
Depreciation expense		(502,534)	
Change in net position (GAAP Basis)		120,807	
Net position at beginning of year		13,143,012	
Net position at end of year		\$ 13,263,819	

OTHER FINANCIAL INFORMATION

VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
SCHEDULE OF COMPENSATION, BENEFITS,
OTHER PAYMENTS TO AGENCY HEAD
DECEMBER 31, 2017

Randy Woods- Manager

Salary and expense amount	\$	58,140
Benefits - insurance		1,620
Benefits - retirement		8,135
Reimburse - mileage		871
Security service		<u>1,800</u>
Total	\$	<u>70,566</u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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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

Board of Directors
Vicksburg-Tallulah District Airport Board
175 VTR Airport Road
Tallulah, Louisiana 71282

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 Vicksburg-Tallulah District Airport Board, a component unit of the Madison Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Vicksburg-Tallulah District Airport Board's basic financial statements, and have issued our report thereon dated May 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Vicksburg-Tallulah District Airport Board'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 the Vicksburg-Tallulah District Airport Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Vicksburg-Tallulah District Airport Board'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 the Vicksburg-Tallulah District Airport Board'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.

The Halford Firm, PLLC

Vicksburg, Mississippi
May 29, 2018

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the annual financial statements of the Vicksburg-Tallulah District Airport Board.
2. No instances of noncompliance material to the financial statements of the Vicksburg-Tallulah District Airport Board were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR YEAR ENDED DECEMBER 31, 2017**

There were no prior audit findings and no management letter comments.

THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Members
American Institute of
Certified Public Accountants

Mississippi Society of
Certified Public Accountants

Louisiana Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Vicksburg-Tallulah District Airport Board
And the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Vicksburg-Tallulah District Airport Board 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 1, 2017, through December 31, 2017. The Vicksburg-Tallulah District Airport Board'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 results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

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.

The Halford Firm, PLLC

The Halford Firm, PLLC
Vicksburg, Mississippi
May 29, 2018

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures

Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

1.

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

No written procedures but the following procedures are followed when adopting and approving a budget. The budget is prepared by the airport manager, reviewed by the board of directors and adjusted after making any changes the board believes are necessary.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No written procedures; purchase is initiated by the airport manager or the secretary for all items other than fuel which is handled by the linemen. The manager is aware of the bid law requisitions and compliance with their requirements.

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

No written procedures; checks to pay all invoices are prepared by the secretary, approved by airport manager and the check signed by two approved signers, the airport manager and a board member or two board members.

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

No written procedures; most receipts are direct deposits (state and federal grants; credit cards), land and hanger rentals are mostly credit card and some checks; partner's payments are made by check; fuel sales can be credit card, check or cash. Deposits are handled by the secretary, including preparation of deposit slips, delivery to bank, and recording.

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

Three employees use time cards (hourly) and the manager is salary. Time is calculated by the secretary and reviewed by the manager and payments made by direct deposit. Leave, vacation, etc. is maintained by the secretary in QuickBooks and reviewed by the manager.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANagements' RESPONSE**

Written Policies and Procedures – continued

- 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

All contracts are reviewed and approved by the Board of Directors.

- g) **Credit Cards** (debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Credit card- the only signer is the airport manager. The card is controlled by the manager. It is used mainly for office supplies or parts for repairs.

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

Travel advance made to employee prior to travel, then accounting of all allowable expenditures, and receipts are provided by employee. Then a settlement for the overage or underage is made when travel is complete.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-11121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirements that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

No written procedures; the airport manager and secretary completed ethics training in 2015 but did not in 2016 or 2017. The Board Members did not complete ethics training.

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

Written procedures regarding debt service were not applicable because the airport does not have any debt.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures – continued

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Board met at least monthly and more often if needed.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

A detailed review of all financial records was done at each board meeting. Each board member is provided the balance sheet, profit and loss statement, budget vs actual statement and a reconciliation of each bank account in advance of every meeting.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The owner (partners) are billed monthly to cover any deficit in the previous month. Therefore, any deficit is funded the following month.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Financial matters are discussed at every meeting.

Bank Reconciliations

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

Management supplied the listing (3 accounts).

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures – continued

Bank Reconciliations- continued

4. Using the listing provided by management, select all of the entity's bank account (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Reconciliations were prepared for all accounts for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Reconciliations are reviewed by all board members. (Reconciliations are provided to board members prior to each meeting.)

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

One deposit has been outstanding more than 6 months. The transaction is with U.S. Corp of Engineers credit card and both parties are trying to resolve the problem.

Collections

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

There is one location, which is the Airport building.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures – continued

Collections- continued

6. Using the listing provided by management, select all of the entity's cash collection locations (if 5 locations or less) or one third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

1) *Secretary – she is bonded.*

2) *The secretary makes all deposits, records the transaction and reconciles the bank account.*

3) *The secretary does not share cash drawer with another employee.*

b) Obtain existing written documentation (e.g., sequentially numbered receipts, systems report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The airport does reconcile cash collections to the general ledger revenue accounts. It is done by the secretary, who is responsible for cash collections.

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

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date of corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Most deposits are direct deposit but checks and cash collections are deposited weekly (Fridays).

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

All deposits tested were supported by documentation.

-continued

**STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures – continued

Collections- continued

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Airport does not have any written procedures. The secretary is responsible for collections as well as determining the completeness of all collections.

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

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

Management provided access to the general ledger that included all disbursements.

9. Using the disbursements population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursements population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/; logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Procedures for processing disbursements do not include requisition or receiving reports. Each transaction processed was supported by an invoice or similar supporting documentation, with approval by the airport manager.

-continued

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures - continued

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

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The Airport does not have a written policy manual, nor does it have a vendor list.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The airport manager has final authorization on disbursements, but at least one board member must sign all checks.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons signatory authority have system access to print checks.

Unused checks are stored in a filing cabinet in the secretary's office which is locked when she is not present. The secretary does not have signing authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Airport does not use a signature stamp or machine.

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

The Airport has one credit card and the airport manager has possession of it.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures - continued

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

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g. mayor of a Lawrason Act municipality); these instances should not be reported.]]

The monthly statement is reviewed by the secretary when recording the transactions and by the board members at each monthly meeting.

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

Finance charges were assessed in two months.

Management's response:

The service charges were caused by an error in paying the bills, but steps have been taken to prevent this from happening again.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures - continued

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

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transaction subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e. identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g. purchase order, written authorization.)

All transactions contained documentation that identified the business purpose and an itemized receipt for the disbursement. No other documentation is required.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There were not any transactions on the credit card that required compliance with the Public Bid Law. The Airport does not have written policies or procedures.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were two months in which small service charges were incurred.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures – continued

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided access to the general ledger that included all disbursements.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Airport does not have written policies related to travel and expense reimbursement.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

During the period under review, the Airport only had one person to have travel expense. This was the airport manager, and he only had one trip.

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) report each reimbursement that exceeded those rates.

The Airport does not have written policies, but the one travel expense in 2017 did not exceed GSA rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g. authorization for travel, conference brochure, certificate of attendance)

The transactions were supported by documentation that demonstrated the business purpose.

-continued

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures – continued

Travel and Expense Reimbursement - continued

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payments for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

None of the reimbursements received represented a loan, pledge, or donation of funds, credit, property, or things of value.

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

The only transactions were for travel by the airport manager; therefore, the only approval was when a board member signed the check.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

The list of contracts was provided by the Airport.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner).

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Arrangements were documented in a formal contract.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures – continued

Contracts - continued

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether entity solicited quotes as a best practice.

None of the contracts were subject to the Louisiana Public Bid Law.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts were amended, but one contract (pest control) was rebid and a lower rate obtained from a different provider.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

All selected invoices and related payments were consistent with the contracts.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

The only documentation in the board minutes was the change of the pest control contract

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

The list was provided by the Airport.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures – continued

Payroll and Personnel - continued

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

All employees were paid in accordance with the terms and conditions of the data in their personnel files.

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

Two employees received pay rate increases in 2017, and both were approved by the board.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and (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.)

All four employees documented their attendance. Three employees are paid by the hour and they use a time clock to record the hours they work. The airport manager is salaried and he uses a spread sheet to document his attendance.

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

The airport manager reviewed the attendance and leave records of the selected employees.

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

The leave records for employees are maintained in the Airport's QuickBooks payroll program.

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures – continued

Payroll and Personnel - continued

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No employees were terminated in 2017.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

The airport is submitting all payroll tax returns, retirement reports, and making all payments timely.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

None of the employees or board members did any ethics training in 2017. The last ethics training was in 2015.

Management Response:

All employees and board member will complete ethics training yearly in the future.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No violations were reported in 2017.

Debt Service (excluding nonprofits)

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

Not applicable, there was no debt issued.

-continued

**VICKSBURG-TALLULAH DISTRICT AIRPORT BOARD
STATE WIDE AGREED-UPON PROCEDURES,
SCHEDULE OF PROCEDURES, RESULTS AND MANAGERMENTS' RESPONSE**

Written Policies and Procedures – continued

Debt Service (excluding nonprofits) - continued

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

Not applicable, there is no debt issued or outstanding that required payment.

30. If the entity had tax millage relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millage that continues to be received for debt that has been paid off.

Not applicable, the Airport does not receive any tax revenue.

Other

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

No misappropriations were identified in 2017.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The notice was posted on the premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were identified.