

**AVOUELLES PARISH  
AIRPORT AUTHORITY**

Marksville, Louisiana

Financial Report

Year Ended December 31, 2017

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# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Brad E. Kolder, CPA, JD\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

## INDEPENDENT AUDITOR'S REPORT

\* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

To the Board of Commissioners  
Avoyelles Parish Airport Authority  
Marksville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Avoyelles Parish Airport Authority (“the Airport Authority”), a component unit of the Avoyelles 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 Airport Authority’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 representation 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 the 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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 the major fund of the Avoyelles Parish Airport Authority, as of December 31, 2017, and the respective changes in financial position 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 budgetary comparison information on pages 23 - 24 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.

The Airport Authority has omitted the 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2018, on our consideration of the Airport Authority'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 the Airport Authority's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
June 14, 2018

## **BASIC FINANICAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Statement of Net Position  
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 95,908
Receivables	329
Due from other governments	38,536
Inventory	1,944
Prepaid Insurance	2,870
Capital assets, net	<u>4,602,887</u>
Total assets	<u>4,742,474</u>
LIABILITIES	
Current liabilities:	
Contract payable	7,776
Retainage payable	30,760
Unearned revenue	7,114
Notes payable	<u>4,426</u>
Total current liabilities	<u>50,076</u>
Long-term liabilities:	
Notes payable	<u>16,164</u>
Total liabilities	<u>66,240</u>
NET POSITION	
Net investment in capital assets	4,602,887
Unrestricted	<u>73,347</u>
Total net position	<u>\$ 4,676,234</u>

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



**FUND FINANCIAL STATEMENTS (FFS)**

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Balance Sheet  
Governmental Fund - General Fund  
December 31, 2017

ASSETS

Cash and interest-bearing deposits	\$ 95,908
Receivables	329
Due from other governments	38,536
Inventory	<u>1,944</u>
Total assets	<u>\$136,717</u>

LIABILITIES AND FUND BALANCES

Contract payable	\$ 7,776
Retainage payable	30,760
Unearned revenue	<u>7,114</u>
Total liabilities	<u>45,650</u>
Nonspendable- inventory	1,944
Unassigned	<u>89,123</u>
Total fund balances	<u>91,067</u>
Total liabilities and fund balances	<u>\$136,717</u>

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

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
December 31, 2017

Total fund balance for the governmental fund	\$ 91,067
Capital assets, net	4,602,887
Prepaid insurance	2,870
Long-term liabilities:	
Note payable	<u>(20,590)</u>
Net position of governmental activities	<u>\$ 4,676,234</u>

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

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Governmental Fund - General Fund  
Year Ended December 31, 2017

Revenues:	
Intergovernmental	\$ 750,227
Charges for services	58,889
Interest income	249
Other	<u>4,202</u>
Total revenues	<u>813,567</u>
Expenditures:	
General government	229,667
Capital outlay	599,496
Debt service:	
Principal retirement	2,172
Interest expense	<u>273</u>
Total expenditures	<u>831,608</u>
Deficiency of revenues over expenditures	(18,041)
Other financing source:	
Proceeds from issuance of debt	<u>22,762</u>
Net change in fund balance	4,721
Fund balance, beginning	<u>86,346</u>
Fund balance, ending	<u>\$ 91,067</u>

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

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
For the Year Ended December 31, 2017

Total net change in fund balance per the statement of revenue, expenditures, and changes in fund balance	\$ 4,721
Prepaid insurance	2,870
Capital assets:	
Capital outlay	\$ 748,035
Depreciation expense	<u>(134,190)</u> 613,845
Proceeds on issuance of debt	(22,762)
Debt service payment	2,172
Loss on disposal of capital assets	<u>(7,687)</u>
Total change in net position per the statement of activities	<u>\$ 593,159</u>

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

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Avoyelles Parish Airport Authority (Airport Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to the governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsections of this note.

A. Financial Reporting Entity

The Avoyelles Parish Airport Authority is a component unit of the Avoyelles Parish Police Jury and was established under the provisions of Louisiana Revised Statutes 2:601-2:612 on October 9, 1979. The Airport Authority is governed by a Board of Commissioners made up of five (5) members who each serve terms of four (4) years. Although the Police Jury does not provide financing, it does exercise some control over operations by virtue of the fact that it appoints the Board of Commissioners. The Airport Authority has no employees. The purpose of the Airport Authority is to maintain and operate the Airport located near Marksville, Louisiana.

This report includes all funds, which are controlled by or dependent on the Airport Authority executive and legislative branches (Board of Commissioners). Control by or dependence on the Airport Authority was determined on the basis of budget adopting, taxing authority, authority to issue debt, election or appointment of the governing body, and other general oversight responsibilities.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Airport Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Basic Financial Statements

Fund Financial Statements (FFS)

The accounts of the Airport Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provision. The minimum number of funds is maintained consistent with legal and managerial requirements.

The fund of the Airport Authority is classified as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the Airport Authority is described below:

Governmental Fund -

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of the Airport Authority's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

General Fund

The General Fund is the general operating fund of the Airport Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Basic Financial Statements

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position. In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Airport Authority's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Airport Authority's general revenues.

Use of Restricted Resources

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

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Basic Financial Statements

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts and certificates of deposit of the Airport Authority. Under state law, the Airport Authority may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Airport Authority may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for governmental activities include grant revenue.

Inventory

Inventories are valued at cost using the first-in/first-out method. Inventory of the General Fund is comprised of aviation fuel and is accounted for as an asset when purchased and recorded as an expenditure when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental 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 Airport Authority maintains a threshold level of \$500 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. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows.

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Basic Financial Statements

Building and improvements	20-40 years
Equipment, furnitures, and fixtures	5 years
Infrastructure	20 years

Unearned Revenue

Unearned revenues arise when resources are received by the Airport Authority before it has a legal claim to them, as when rental payments are received in advance. In subsequent periods, when the Airport Authority has legal claim to the resources, the liability of unearned revenue is removed from the balance sheet and the revenue is recognized.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use by external groups, such as grantors, creditors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. It is the Airport Authority's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Basic Financial Statements

that comprise a hierarchy based primarily upon the extent to which the Airport Authority is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The Airport Authority's nonspendable fund balance includes inventory.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, donors, creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- c. Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal legislative action of the Board of Commissioners and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an ordinance by the Board of Commissioners.
- d. Assigned includes fund balance amounts that are constrained by the Airport Authority's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Airport Authority's Secretary-Treasurer with the approval of a resolution by the Board of Commissioners.
- e. Unassigned includes fund balance amounts which have not been classified within the above mentioned categories.

It is the Airport Authority's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Airport Authority uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

E. Revenues, Expenditures, and Expenses

Revenues

The Airport Authority considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Airport Authority generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The Airport Authority's major revenue sources that meet this availability criterion are intergovernmental revenues and charges for services.

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Basic Financial Statements

There are two classifications of programmatic revenues for the Airport Authority, program specific grant and contributions revenue and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. The primary sources of charges for services are fuel sales and rental income. In the government-wide statement of activities, state revenue sharing funds are reported as general revenues because the Airport Authority has discretion in the application of these funds to various programs/functions administered by the Airport Authority. Interest income is recorded as earned in the fund holding the interest bearing asset.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by character and function. In the fund financial statements, expenditures are classified by character.

F. Use of Estimates

The preparation of financial statements in conformity with U.S. 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. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among other. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Airport Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Airport Authority may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Airport Authority's deposits may not be recovered or the Airport Authority will not be able to recover the collateral securities that are in the possession of an outside party. Under state law, 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 the amount on deposit with the fiscal agent bank. These securities

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Basic Financial Statements

are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2017 totaled \$179,849 and were fully insured and not exposed to custodial credit risk. The Airport Authority does not have a policy for custodial credit risk.

(3) Capital assets

Capital asset activity was as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Capital assets not being depreciated:				
Land	\$ 37,045	\$ -	\$ -	\$ 37,045
Construction in progress	225,967	164,960	50,643	340,284
Other capital assets:				
Buildings and improvements	297,933	633,718	41,314	890,337
Equipment, furniture, and fixtures	112,004	-	-	112,004
Infrastructure	4,243,647	-	-	4,243,647
Total	<u>4,916,596</u>	<u>798,678</u>	<u>91,957</u>	<u>5,623,317</u>
Less accumulated depreciation:				
Buildings and improvements	193,280	13,781	33,627	173,434
Equipment, furniture, and fixtures	66,398	9,291	-	75,689
Infrastructure	660,189	111,118	-	771,307
Total	<u>919,867</u>	<u>134,190</u>	<u>33,627</u>	<u>1,020,430</u>
Capital assets, net	<u>\$3,996,729</u>	<u>\$ 664,488</u>	<u>\$ 58,330</u>	<u>\$ 4,602,887</u>

Depreciation expense of \$134,190 was charged to the general government function.

(4) Notes Payable

The following is a summary of long-term debt transactions for the year ended December 31, 2017:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Ending</u>	<u>Due Within One Year</u>
Notes payable	<u>\$ -</u>	<u>\$ 22,762</u>	<u>\$ 2,172</u>	<u>\$ 20,590</u>	<u>\$ 4,426</u>

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Basic Financial Statements

Notes payable at December 31, 2017 was comprised of the following:

Note payable to The Union Bank with an original amount of \$22,762, dated July 1, 2017, due in monthly installments of \$408, which includes interest at 2.5%, maturing in June 2022, secured by a Certificate of Deposit at The Union Bank.

\$ 20,590

Scheduled maturities of long-term debt as of December 31, 2017 are as follows:

<u>Year ending December 31,</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,426	\$ 464	\$ 4,890
2019	4,538	352	4,890
2020	4,653	238	4,891
2021	4,771	120	4,891
2022	<u>2,202</u>	<u>15</u>	<u>2,217</u>
Total	<u>\$ 20,590</u>	<u>\$ 1,189</u>	<u>\$ 21,779</u>

(5) Compensation, Benefits and Other Payments to Agency Head

The Airport Authority's Chairman, Rene Borrel, was not compensated during the year ended December 31, 2017.

(6) Board of Commissioners

Members of the Avoyelles Parish Airport Authority Board of Commissioners were as follows:

Rene Borrel, Chairman	Charles Jones
A.J. Roy, III, Vice-Chairman	John Lemoine
Thomas Garrot, Jr.	

Board members serve with no compensation.

(7) Risk Management

The Airport Authority is exposed to risks of loss in the area of general liability and property hazards. These risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Basic Financial Statements

(8) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Airport Authority expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

(9) Litigation

There was no litigation pending against the Avoyelles Parish Airport Authority at December 31, 2017.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana  
General Fund

Budgetary Comparison Schedule  
Year Ended December 31, 2017

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Intergovernmental -				
Federal grants	\$ 1,539,594	\$ 130,330	\$ 102,120	\$ (28,210)
State grants	980,308	870,827	628,915	(241,912)
Local contribution - City of Marksville	4,000	4,000	4,000	-
State revenue sharing	15,000	10,776	15,192	4,416
Charges for services:				
Fuel sales	27,000	31,729	35,970	4,241
Rental income	15,000	31,090	22,919	(8,171)
Interest income	260	260	249	(11)
Other	2,600	3,400	4,202	802
Total revenues	<u>2,583,762</u>	<u>1,082,412</u>	<u>813,567</u>	<u>(268,845)</u>
<b>Expenditures:</b>				
Current -				
General government:				
Contract labor	15,000	17,657	17,310	347
Dues & Subscriptions	250	286	286	-
Insurance	4,000	3,512	6,643	(3,131)
Professional fees	293,824	270,848	155,549	115,299
Repairs & maintenance	6,000	5,289	5,521	(232)
Fuel	26,500	27,522	30,266	(2,744)
Supplies	800	792	816	(24)
Utilities	8,400	10,253	10,484	(231)
Miscellaneous	1,350	3,296	2,792	504
Capital outlay	2,245,997	724,315	599,496	124,819
Debt service:				
Principle	-	-	2,172	(2,172)
Interest and fiscal charges	-	-	273	(273)
Total expenditures	<u>2,602,121</u>	<u>1,063,770</u>	<u>831,608</u>	<u>232,162</u>
Excess (deficiency) of revenues over expenditures	(18,359)	18,642	(18,041)	(36,683)
Other financing source:				
Proceeds from issuance of debt	-	-	22,762	22,762
Change in fund balance	(18,359)	18,642	4,721	(13,921)
Fund balance, beginning	<u>86,346</u>	<u>86,346</u>	<u>86,346</u>	<u>-</u>
Fund balance, ending	<u>\$ 67,987</u>	<u>\$ 104,988</u>	<u>\$ 91,067</u>	<u>\$ (13,921)</u>

AVOYELLES PARISH AIRPORT AUTHORITY  
Marksville, Louisiana

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

The Airport Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Airport Authority's Secretary-Treasurer prepares a proposed budget and presents it to the Board of Commissioners prior to ninety days before the beginning of each fiscal year.
2. After the proposed budget is presented to the Board of Commissioners, the Board publishes the proposed budget and notifies the public that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held by the Board on the proposed budget at least ten days after publication of the call for the hearing.
4. Any changes in the proposed annual operating budget require a majority vote of the Board of Commissioners.
5. No later than the last regular meeting of the fiscal year, the Board of Commissioners adopts the annual operating budget for the ensuing fiscal year.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budget appropriations lapse at year-end.

**INTERNAL CONTROL,  
COMPLIANCE, AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
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Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

\* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

To the Board of Commissioners  
Avoyelles Parish Airport Authority  
Marksville, 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 governmental activities and the major fund of the Avoyelles Parish Airport Authority (the Airport Authority), a component unit of the Avoyelles 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 Airport Authority's basic financial statements and have issued our report thereon dated June 14, 2018.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport Authority'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 Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport Authority'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 Airport Authority'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2017-001 and 2017-002 to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Airport Authority'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2017-003 and 2017-004.

### **Avoyelles Parish Airport Authority's Response to Findings**

Avoyelles Parish Airport Authority's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Airport Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

### **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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
June 14, 2018

AVOYELLES PARISH AIRPORT AUTHORITY

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2017

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2017-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2015

CONDITION: The Avoyelles Airport Authority does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C §265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Rene Borrel, Chairman, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Airport Authority to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

AVOYELLES PARISH AIRPORT AUTHORITY

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2017 (Continued)

2017-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Avoyelles Airport Authority did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Airport Authority does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Airport Authority agrees that a complete segregation of accounting functions would strengthen controls, but with limited current financial resources, we are not able to hire additional personnel at this time.

AVOYELLES PARISH AIRPORT AUTHORITY

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2017 (Continued)

B. Compliance

2017-003 Approval of State Bond Commission

Fiscal year finding initially occurred: 2017

CONDITION: The Avoyelles Airport Authority did not obtain State Bond Commission approval before incurring a bank loan for Hangar improvements.

CRITERIA: R.S. 39:1410.60 states in part that no political subdivision:

“shall have authority to borrow money, incur debt, or to issue bonds, or other evidences of debt, or to levy taxes, or to pledge uncollected taxes or revenues for the payment thereof, where they are authorized by the constitution or laws of the state so to do, without the consent and approval of the State Bond Commission..”

CAUSE: The cause of the condition is the fact that the Airport Authority was unaware of this statute.

EFFECT: The Airport Authority may be in violation of state law.

RECOMMENDATION: Management should contact legal counsel and notify the State Bond Commission of the debt issue.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Airport Authority has contacted the State Bond Commission and is working with them to receive retroactive approval of the debt.

2017-004 Budget Variance

Fiscal year finding initially occurred: 2017

CONDITION: Actual revenue of the Airport Authority failed to meet the budgeted revenue by more than 5%.

CRITERIA: LSA-RS 39:1311, *Budgetary authority and control*:

“Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.”

AVOYELLES PARISH AIRPORT AUTHORITY

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2017 (Continued)

CAUSE: The condition is the result of anticipating more grant revenues than received.

EFFECT: The Airport Authority may not prevent and/or detect compliance violations due to revenue shortfalls or over expenditure of the appropriate budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: Management should periodically compare actual activity to budgeted amounts and budgetary amendments as necessary to cause compliance with state statute.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Airport Authority will periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2016-001 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Avoyelles Airport Authority does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2017-001.

2016-002 Inadequate Segregation of Functions

CONDITION: The Avoyelles Airport Authority did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2017-002.

**AVOUELLES PARISH AIRPORT AUTHORITY**  
Marksville, Louisiana

Agreed-Upon Procedures Report

Period Ended December 31, 2017

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Victor R. Slaven, CPA\*  
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183 S. Beadle Rd. 11929 Bricksome Ave.  
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Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

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WWW.KCSRPCAS.COM

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

Board of Commissioners  
Avoyelles Parish Airport Authority and the  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Avoyelles Parish Airport Authority 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 Avoyelles Parish Airport Authority's management is responsible for those C/C 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*

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1. We obtained the entity's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - 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.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **Receipts**, including receiving, recording, and preparing deposits.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Board (or Finance Committee, if applicable)**

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- 2. We obtained and reviewed the board/committee minutes for the fiscal period, and:
  - a) Reported 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.
  - b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, reported 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, reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
  - c) Reported 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.

**Bank Reconciliations**

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- 3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.
- 4. Using the listing provided by management, we selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

- a) Bank reconciliations have been prepared;
- 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
- 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.

### ***Collections***

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- 5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
- 6. Using the listing provided by management, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:
  - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported 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.
  - b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported 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.
  - c) We selected 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, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, reported the number of days from receipt to deposit for each day at each collection location.
    - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and report any exceptions.
- 7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported 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.

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

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8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We obtained management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported 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.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. We inquired of management and observed 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 reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired 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. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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14. We obtained 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. We obtained management's representation that the listing is complete.

15. Using the listing prepared by management, we randomly selected 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.

We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected 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) We reported 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.
- b) We reported whether finance charges and/or late fees were assessed on the selected statements.

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

- a) For each transaction, we reported 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.)
- b) For each transaction, we compared 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 reported any exceptions.
- c) For each transaction, we compared 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 reported any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

### ***Travel and Expense Reimbursement***

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17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.
18. We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and reported any amounts that exceed GSA rates.

19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) We compared expense documentation to written policies and reported 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, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.
  - b) We reported 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).
  - c) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).
  - d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.
21. Using the listing above, we selected 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). We obtained the related contracts and paid invoices and:
- a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - b) We compared 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, we obtained/compared supporting contract documentation to legal requirements and reported whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

- If no, we obtained supporting contract documentation and reported whether the entity solicited quotes as a best practice.
- c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.
- e) We obtained/reviewed contract documentation and board minutes and reported whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

### ***Payroll and Personnel***

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22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. Randomly select five employees/officials, obtained their personnel files, and:
  - a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.
23. We obtained 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, we randomly selected 25 employees/officials (or randomly selected one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
  - a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Reported 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.
24. We obtained 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, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported 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.

***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, we obtained ethics compliance documentation from management and reported whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed 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. We reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, we obtained supporting documentation from the entity, and reported whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, we obtained supporting documentation from the entity and reported whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, we obtained supporting documentation and reported whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, we reported any millages that continue to be received for debt that has been paid off.

***Other***

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31. We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. We observed and reported 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](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If we observed or otherwise identified any exceptions regarding management’s representations in the procedures above, we reported the nature of each exception.

## **Findings:**

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No exceptions were found as a result of applying the procedures listed above except:

### **Written Policies:**

The Avoyelles Parish Airport Authority does not have written policies addressing budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel and expense reimbursements, ethics, or debt service.

### **Board:**

The Avoyelles Parish Airport Authority's minutes did not reference or include budget to actual comparisons for the General Fund.

### **Bank Reconciliations:**

The Avoyelles Parish Airport Authority's bank reconciliations did not include evidence of management or board review.

The Avoyelles Parish Airport Authority's bank reconciliation for December 2017 did not include evidence of management researching reconciling items outstanding for more than 6 months.

### **Collection:**

The person responsible for collecting cash is also responsible for depositing cash in the bank and recording the deposit.

Cash reconciliations are not performed by someone independent of the collection process.

Receipts are not given for collections.

For 3 of 10 collections tested, the date variance from collection to deposit was greater than one day.

There is no written policy specifically defined to determine the completeness of all collections by a person who is not responsible for collections.

### **Disbursements:**

The Avoyelles Parish Airport Authority does not have written documentation indicating that the person responsible for processing payments is prohibited from adding vendors to the disbursement system.

The Avoyelles Parish Airport Authority does not have written documentation indicating that the individual with signatory authority has no responsibility for initiating or recording purchases.

A requisition/PO system or equivalent electronic system is not put in place nor are purchase orders approved by someone who did not initiate the purchase.

**Travel and Expense Reimbursements:**

The Avoyelles Parish Airport Authority does not have a written policy restricting the travel and expense reimbursement amount to that of the US General Services Administration.

The Avoyelles Parish Airport Authority does not have written policies addressing travel and expense reimbursements; therefore, compliance with policy was unable to be tested.

**Ethics:**

The Avoyelles Parish Airport Authority did not maintain documentation to demonstrate that the required ethics training was completed for one individual.

**Debt:**

The Avoyelles Parish Airport Authority did not obtain approval from the State Bond Commission for debt issued during the year.

**Other:**

The Avoyelles Parish Airport Authority did not have the “fight fraud” sign posted on their premises.

**Management’s Response:**

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Management of the Avoyelles Parish Airport Authority concurs with the exceptions and are working to address the deficiencies identified.

We were not engaged to perform, and did not perform, 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 results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
June 14, 2018