

West Calcasieu Airport Managing Board
Sulphur, Louisiana

Annual Financial Report
June 30, 2019 and 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 6
Statements of Net Position	7 - 8
Statements of Revenues, Expenses, and Changes in Fund Net Position	9
Statements of Cash Flows	10 - 11
Notes to Financial Statements	12 - 20
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	21 - 22
Schedule of Findings and Responses	23
Schedule of Compensation, Benefits and Other Payments	24

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INDEPENDENT AUDITORS' REPORT

West Calcasieu Airport Managing Board
Sulphur, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of West Calcasieu Airport Managing Board, component unit of Calcasieu Parish Police Jury, the West Calcasieu Port and the Industrial Development Board of the City of Sulphur, Inc., as of June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Calcasieu Airport Managing Board as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of West Calcasieu Airport Managing Board as of June 30, 2018, were audited by other auditors whose report dated December 16, 2018, expressed an unmodified opinion on those statements.

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 6, and the information on page 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated December xx, 2019 on my consideration of West Calcasieu Airport Managing Board, Louisiana's internal control over financial reporting and my 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 my 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 West Calcasieu Airport Managing Board internal control over financial reporting and compliance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements of West Calcasieu Airport Managing Board. The Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Compensation, Benefits and Other Payments is the responsibility of management and is derived from the underlying accounting and other records to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
December 26, 2019

**WEST CALCASIEU AIRPORT MANAGING BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

The Management’s Discussion and Analysis of the West Calcasieu Airport Managing Board (the Airport) financial performance presents a narrative overview and analysis of the Board’s financial activities for the year ended June 30, 2019. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information. Please read this document in conjunction with the additional information contained in the financial statements.

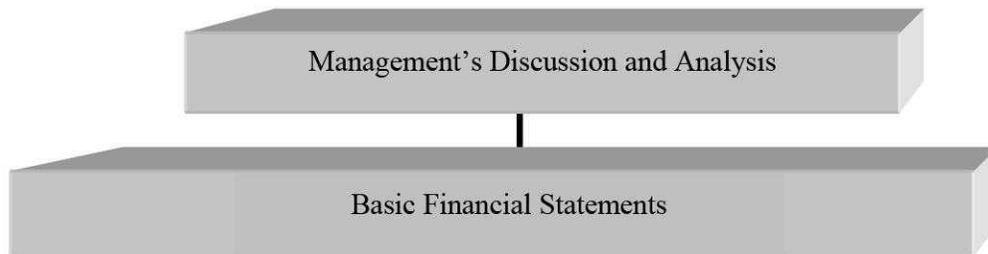
FINANCIAL HIGHLIGHTS

The Board’s assets exceeded its liabilities at the close of 2019 by \$6,981,789 which represents an 13.3% increase from last fiscal year. Of this amount, \$2,464,581 (unrestricted net assets) may be used to meet the Board’s ongoing obligations to its users.

The Board’s operating revenue decreased \$142,600 (or 16.9%) and the net results from operations decreased by \$184,005.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management’s Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WEST CALCASIEU AIRPORT MANAGING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

Basic Financial Statements

The basic financial statements present information for the Airport as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Fund Net Position (pages 7 - 8) presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Board's assets plus deferred outflows of resources minus their liabilities and deferred inflows of resources equals the net position. The net position of the Airport may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position (page 9) presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statements (pages 10 - 11) presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current other assets	\$2,685,982	\$2,055,865	\$1,318,973
Capital assets	4,517,208	4,317,080	4,364,723
Total Assets	<u>7,205,209</u>	<u>6,372,945</u>	<u>5,683,696</u>
Other liabilities	221,400	201,429	180,643
Long-term debt outstanding	-	9,479	12,979
Total Liabilities	<u>221,400</u>	<u>210,908</u>	<u>193,622</u>
Net position:			
Capital Net of Debt	4,517,208	4,317,080	4,357,298
Restricted	-	-	4,336
Unrestricted	2,464,581	1,844,957	1,128,440
Total Net Position	<u>\$6,478,116</u>	<u>\$6,162,037</u>	<u>\$5,490,074</u>

**WEST CALCASIEU AIRPORT MANAGING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

Restricted net position amounts represent those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net position amounts are those that do not have any limitations for which they may be used.

Net position of the Airport increased by \$819,752, or 13.3%, from June 30, 2018 to June 30, 2019.

	2019	2018	2017
Operating revenues Gross Profit	\$ 699,704	\$ 842,304	\$ 856,872
Operating expenses	(734,052)	(692,647)	675,867
Operating income (loss)	(34,348)	149,657	181,005
Non-operating revenues	351,321	325,348	415,832
Non-operating expenses	-	(356)	(1,108)
Net Non-Operating Income/(Loss)	351,321	324,992	414,724
Income(Loss) Before Contributions	316,973	474,649	595,729
Capital Contributions	502,779	197,314	271,966
Change in Net Position	\$ 819,752	\$ 671,963	\$ 867,695

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the Board had \$4,517,208, net of accumulated depreciation, invested in a broad range of capital assets, including land, right of ways, plant and distribution system, and furniture, fixtures, and equipment. (see table below). This amount represents a net increase (including additions and deductions) of \$200,128, or 9.6%, from last year.

	2019	2018	2017
Land and Right of Ways	\$ 745,469	745,469	\$ 745,469
Building and Terminal Improvements	10,052,484	9,322,087	8,078,480
Furniture, Fixtures, and Equipment	236,312	236,312	260,534
Construction in progress	35,974	220,748	1,199,900
Less Accumulated Depreciation	(6,553,031)	(6,207,536)	(5,919,661)
Totals	\$ 4,517,208	4,317,080	\$ 4,364,723

**WEST CALCASIEU AIRPORT MANAGING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

ECONOMIC FACTORS AND FUTURE OUTLOOK

The following factors were considered in preparing the Airport's budget for the coming fiscal year: Projected sales and rentals were budgeted at a slight increase over current period excluding additional bonus rentals. Expenses were budgeted at approximately the same as current period. The change in net position should remain positive.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Darla Perry, CPA, West Calcasieu Airport Managing Board.

West Calcasieu Airport Managing Board
Statements of Net Position
As of June 30, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 128,311	\$ 365,036
Investments	1,954,691	1,017,042
Accounts Receivable	130,474	189,832
Grants Receivable	96,739	94,201
Inventory	22,347	36,334
Total Current Assets	2,332,562	1,702,445
PROPERTY, PLANT, AND EQUIPMENT		
Furniture, fixtures, and equipment	236,311	236,312
Buildings and improvements	10,052,485	9,322,087
	10,288,796	9,558,399
Less: accumulated depreciation and amortization	(6,553,031)	(6,207,536)
	3,735,765	3,350,863
Construction in progress	35,974	220,748
Land	745,469	745,469
Net Property, Plant, and Equipment	4,517,208	4,317,080
Other Assets		
Deferred asset - infrastructure	353,120	353,120
Deposits	300	300
TOTAL ASSETS	\$ 7,203,190	\$ 6,372,945

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

West Calcasieu Airport Managing Board
Statements of Net Position (Continued)
As of June 30, 2019

	2019	2018
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 70,144	\$ 46,467
Accrued Liabilities	1,257	1,462
Prepaid Revenue	150,000	150,000
Deferred Rental Revenue	-	3,500
Total Current Liabilities	221,401	201,429
LONG-TERM LIABILITIES		
Deferred rental revenue	-	9,479
Total Long-Term Liabilities	-	9,479
TOTAL LIABILITIES	221,401	210,908
NET POSITION		
Net investment in capital assets, Net of Related Debt	4,517,208	4,317,080
Unrestricted amounts	2,464,581	1,844,957
TOTAL NET POSITION	\$ 6,981,789	\$ 6,162,037

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

West Calcasieu Airport Managing Board
Statements of Revenues, Expenses, and Changes in Net Position
For The Years Ended June 30, 2019

	2019	2018
OPERATING REVENUES		
Sales, rental, and service income	\$ 931,388	\$ 1,088,445
Less: Cost of Goods Sold	231,684	246,141
Gross Profit	699,704	842,304
Total Operating Revenues	699,704	842,304
OPERATING EXPENSES		
Advertising and promotional	5,429	1,675
Dues and Subscriptions	1,986	796
Salaries	132,821	133,309
Payroll tax and employee benefits	12,965	13,142
Supplies	10,089	8,355
Depreciation expense	305,050	314,110
Amortization expense	40,445	-
Fuel	1,097	833
Insurance	51,723	46,607
Accounting and legal expenses	40,050	41,648
Office expenses	9,133	9,282
Repairs and maintenance	79,661	78,133
Telephone	9,034	8,866
Utilities	24,947	27,595
Uniforms	7,272	5,771
Contract labor	2,350	2,525
Total Operating Expenses	734,052	692,647
INCOME (LOSS) FROM OPERATIONS	(34,348)	149,657
NON-OPERATING REVENUES (EXPENSES)		
Interest income	37,693	11,348
Intergovernmental revenue	308,067	300,000
Miscellaneous	5,561	14,000
Interest expense	-	(356)
Total Non-Operating Revenues	351,321	324,992
INCOME (LOSS) BEFORE CONTRIBUTIONS	316,973	474,649
Capital Contributions	502,779	197,314
CHANGE IN NET POSITION	819,752	671,963
NET POSITION - BEGINNING OF YEAR	6,162,037	5,490,074
NET POSITION - END OF YEAR	\$ 6,981,789	\$ 6,162,037

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

West Calcasieu Airport Managing Board
Statements of Cash Flows
For The Years Ended June 30, 2019

	2019	2018
Cash Flows From Operating Activities:		
Receipts from customers and others	\$ 1,049,568	\$ 1,009,025
Payments to suppliers and other operating expenses	(499,113)	(466,550)
Payments to employees and benefits	(145,991)	(144,985)
Net Cash Provided (Used) by Operating Activities	404,464	397,490
Cash Flows From Non-Capital Financing Activities:		
Receipts under intergovernmental agreement	308,067	304,000
Other	5,561	14,000
Net Cash Provided (Used) by Non-Capital Financing Activities	313,628	318,000
Cash Flows From Investing Activities:		
Interest income	37,693	11,348
Cash received (paid) for Investments in LAMP	(937,649)	(311,310)
Net Cash Provided (Used) by Investing Activities	(899,956)	(299,962)
Cash Flows From Capital and Related Financing Activities:		
Capital expenditures for plant, property and equipment	(555,102)	(266,467)
Principal payments on notes payable	-	(7,425)
Capital contributions	500,241	103,113
Interest expense	-	(356)
Net Cash Provided (Used) by Capital and Related Financing Activities	(54,861)	(171,135)
Net Increase (Decrease) in Cash	(236,725)	244,393
Cash and Cash Equivalents - Beginning of Year	365,036	120,643
Cash and Cash Equivalents - End of Year	\$ 128,311	\$ 365,036

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

**Waterworks District No. 9 of Ward 4 of Calcasieu Parish, Louisiana
Sulphur, Louisiana
Statements of Cash Flows (Continued)
For The Years Ended December 31,**

	2019	2018
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (34,348)	\$ 149,657
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization	345,495	314,110
Decrease in restricted cash	-	4,336
(Increase) decrease in accounts receivables	59,358	(80,256)
(Increase) decrease in inventory	13,987	(15,068)
Increase (decrease) in accounts payable	23,677	27,989
Increase (decrease) in accrued liabilities	(205)	222
Increase (decrease) in deferred revenue	(3,500)	(3,500)
Total Adjustments	438,812	247,833
Net Cash Provided (Used) by Operating Activities	\$ 404,464	\$ 397,490
 Supplemental Disclosure:		
Cash paid for interest	\$ -	\$ 356

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

West Calcasieu Airport Managing Board
Sulphur, Louisiana
Notes to Financial Statements
June 30, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies

On February 1, 2000, the Calcasieu Parish Police Jury, the West Calcasieu Port, and the Industrial Development Board of the City of Sulphur, Inc. entered into an amended joint service agreement with the West Calcasieu Airport Managing Board as to the development and operations of the West Calcasieu Airport.

The managing authority of the West Calcasieu Airport shall be vested in a managing board appointed by the above owners. Members would be appointed to the Board on a staggered basis, with each sponsor appointing two members to the Board. Members serve a three-year term and can be reappointed with no limit.

The accompanying financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units. The following is a summary of the more significant policies:

Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Commissioners. Control by or dependence on the Board was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The West Calcasieu Airport Managing Board is component unit of the West Calcasieu Port, the Industrial Development Board of the City of Sulphur, and the Calcasieu Parish Police Jury.

Fund Accounting

The accounts of the district are organized on the basis of a proprietary fund, which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

Basis of accounting refers to when revenues or expense are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on statements of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

West Calcasieu Airport Managing Board
Sulphur, Louisiana
Notes to Financial Statements
June 30, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the entity's principal ongoing operations. The principal operating revenues of the Board's enterprise fund are charges for the sale of fuel and supplies and leases of hangars and offices. Operating expenses include the cost of salaries, depreciation, insurance and utilities expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Accounts Receivable

Receivables include amounts due from tenants for the use of airport facilities under rental agreements as well as from the sales of fuel and oil. All receivables are current and therefore due within one year. The Board does not record an allowance for uncollectible amounts due for receivables, as it uses the direct write-off method for any debts that are not collected.

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 expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

The Board adopts a budget annually for operating expenses. The budget is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, revenues, non-operating income and certain non-operating expense items are not considered. The budget for the District is not presented in these statements.

West Calcasieu Airport Managing Board
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

Property, Plant, and Equipment

All fixed assets of the proprietary fund are recorded at historical costs, or, if contributed property, at their estimated fair value at time of contribution. Donated fixed assets include land valued at \$649,700. Improvements include \$22,607 for airport layout plan. The costs for plan are amortized over a five year period. Amortization expense for the year ended June 30, 2019 was \$40,445.

Depreciation of all exhaustible fixed assets is charged as an expense against the operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The Board has a capitalization policy of \$1,000. The estimated useful lives are as follows:

Furniture, fixtures, and equipment	4 - 10 years
Buildings and improvements	10 - 40 years

Depreciation amounted to \$305,050 for the year ended June 30, 2019 and \$314,110 for the year ended June 30, 2018.

Cash and Cash Equivalents

The Board considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market, and consists of fuel, oil, and supplies.

Restricted Net Position

In the statement of net position, equity is classified as net position and displayed in three components:

1. Investment in capital assets, net of related debt -consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
2. Restricted net position -net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

The Board typically uses restricted funds first, followed by any unassigned funds when expenditure is incurred for purposes for which amounts in either of these classifications could be used.

West Calcasieu Airport Managing Board
Sulphur, Louisiana
Notes to Financial Statements
June 30, 2019 and 2018

Risk Management

The Board is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters. The Board has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three years.

Environmental Matters

The Board is subject to laws and regulations relating to the protection of the environment. The Board's policy is to accrue environmental and clean up related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential financial impact of the Board's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Board. At June 30, 2019, management is not aware of any liability resulting from environmental matters.

Note 2 -Deposits and Investments

At June 30, 2019, the board has deposits with financial institutions (book balances) as follows:

Cash		
	Demand Deposits	\$128,211
	Petty cash	100
Investments		
	Louisiana Asset Management Pool	1,954,691
<hr/>		
Total Cash and Investments		\$2,083,102

These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging agent banks in holding or custodial banks that are mutually acceptable to both parties. At June 30, 2019, the Board had \$130,535 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and \$246,588 of pledged securities held by the custodial banks in the name of the fiscal agent banks (GASB category 3).

West Calcasieu Airport Managing Board
Sulphur, Louisiana
Notes to Financial Statements
June 30, 2019 and 2018

Note 2 -Deposits and Investments (continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39: 1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand.

Under state law, the Board may invest in United States bonds, treasury notes, or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer. The financial statements of the Louisiana Asset Management Pool, Inc. (LAMP) can be obtained by accessing their website.

Investments held at June 30, 2019 consist of \$1,954,691 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126 the investment in LAMP at June 30, 2019 is not categorized in the three risk categories provided by GASB Codification Section 150.126 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA -R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

GASB Statement No.40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest, and foreign currency risk for all public held entity investments.

Lamp is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

Credit risk: LAMP is rated AAA by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

West Calcasieu Airport Managing Board
Sulphur, Louisiana
Notes to Financial Statements
June 30, 2019 and 2018

Note 2 - Deposits and Investments (continued)

- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA -R.S. 33:2955 (A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivision of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1 + commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Note 3 - Plant, Property and Equipment

Additions and deletions to property, plant, and equipment for the year ended June 30, 2019 were as follows:

	July 1,			June 30,
	2018	Additions	Deletions	2019
Building and Terminal Improvements	\$ 9,322,087	\$ 730,397	\$ -	\$ 10,052,484
Furniture, Fixtures, and Equipment	236,312	-	-	236,312
Accumulated Depreciation and Amortization	(6,207,536)	(345,495)	-	(6,553,031)
Land	745,469	-	-	745,469
Construction in Progress	220,748	35,974	220,748	35,974
Total	\$ 4,317,080	\$ 420,876	\$ 220,748	\$ 4,517,208

Note 4 - Intergovernmental Revenue

In February of 2006, the West Calcasieu Airport Managing Board entered into an amendment of the Joint Services Agreement with the Board of Commissioners of the Chenault Industrial Airpark Authority, whereby the Chenault Industrial Airpark Authority agreed to transfer annually, for the tax collection period 2006 through 2017, the amount of two hundred thousand dollars (\$200,000) to the West Calcasieu

West Calcasieu Airport Managing Board
Sulphur, Louisiana
Notes to Financial Statements
June 30, 2019 and 2018

Note 4 - Intergovernmental Revenue (continued)

Airport Managing Board. The joint services agreement also increased the payments beginning with tax year 2005, the last year of the original agreement from one hundred twenty thousand dollars (\$ 120,000) to two hundred thousand dollars (\$ 200,000). The funds will be used for the purpose and undertaking of the construction, acquisition, and improvement of public aviation projects or improvements to promote parish wide economic development.

A Memorandum of Understanding was authorized and approved on February 24, 2017 to correct and clarify the language in the Joint Services Agreement entered into October 2012. Beginning in assessment year 2015, Chenault Industrial Airpark Authority will pay the Board two hundred thousand dollars (\$200,000) in January 2017 and one hundred thousand dollars (\$100,000) in July 2017. In assessment years 2017 through 2019 , the payments will be three hundred thousand dollars (\$300,000). In assessment years 2020 through 2023, the payments will increase to three hundred seventy-five thousand dollars (\$ 375,000) payable each year. In assessment years 2024 and 2025, the final year in the agreement, the payments increase to four hundred twenty-five thousand dollars (\$425,000) payable each year.

Note 5 - Board of Commissioners' Per Diem

The members of the governing board received no per diem for the periods ended June 30, 2019.

Note 6 - Rental Revenue

The Board entered into a ground lease agreement effective March 4, 2016 with First Flight Holdings, LLC for the development of the employee village. This project includes the modular buildings to house, feed and provide ancillary services for approximately 2,500 to 3,000 individual workers; all other machinery, equipment, furniture, inventory and other personal (movable) property in connection with the operation of the employee village; as well as all permanent improvements. In July 2016, the rent commencement date, the Lessee agreed to pay the Board an annual base rental of \$3,750 per acre in twelve (12) equal installments. The leased premise is approximately one hundred (100) acres. The initial lease term of the ground lease ends on the fifth (5th) anniversary of the rent commencement date. The lessee has the option to extend the lease for four (4) additional periods, each of which shall be for a period of one (1) year.

As additional rental, the lessee will pay to the Board \$1.00 per person, per day, for the first 1,000 residents and \$.50 per person per day for every person over 1,000 residents. The additional rent shall be due quarterly and within thirty (30) days after the end of the preceding quarter provided that with the first payment being due no later than the due date for the fourth (4th) monthly installment of annual rental. In addition, the lessee's obligation to pay additional rental is conditioned on the lessee's collection of amounts due from the client for the project for the relevant periods, it being understood that the lessee shall prorate the additional rentals due by the amount of compensation received by the lessee from the client.

West Calcasieu Airport Managing Board
Sulphur, Louisiana
Notes to Financial Statements
June 30, 2019 and 2018

Note 6 - Rental Revenue (continued)

The lessee shall be entitled to a credit toward the additional rental as set forth by the following: Eighty percent (80%) of the amounts paid by the lessee subject to the hangar cap (\$625,000); fifty percent (50%) of the amounts incurred by the lessee in connection with the design, engineering, procurement, fabrication, construction, and installation of the road extension to Highway 27; and eighty percent (80%) of the amounts paid by the lessee for any wetlands mitigation required by any governing authority, if necessary and if the lessee elects to develop the affected areas.

An amendment to the ground lease was signed on December 21, 2017 adding donated property consisting of a sewer system and piping, parking lots, perimeter fencing, roadway, a covered atrium and electrical poles, including wiring and transformers to the leased premises, of which the lessee will continue to be responsible for its maintenance and operation.

Note 7 - Retirement Benefit

The Board does not provide retirement benefits. Employees participate in the Social Security system. The Board is not responsible for any post-employment benefits. The Board has only the usual obligation to make current matching payments to the Social Security system for active employees.

Note 8- Post - Employment Benefits

As a component unit of the Calcasieu Parish Police Jury, the Board was required to implement GASB Statement No. 75 -Financial Reporting for Postemployment Benefit Plans Other Than Pensions. The Board does not offer any of these types of benefits to employees and therefore has no liability in relation to the implementation of the statement.

Note 9- Compensated Absences

Full time employees who complete six (6) months of service will start to accrue vacation time, at the rate of (1/2) one half day per month, to be taken during the second six (6) month period of service. Consequently, vacation days may be accrued at the rate of six (6) days per year. Employees with more than 25 hours per week average will qualify for 50% of the above vacation days.

Employees may earn sick leave at a rate of .0462 hours per pay period, not to exceed one hundred sixty (160) hours. Sick leave days cannot be used in conjunction with annual leave, and in no instance shall an employee be paid for any accumulated sick leave left to an employee's credit at the time of termination from service.

Note 10 -Major Customer

Sales, rentals, and service income from one major customer was approximately 53% of total sales, rentals, and service income for the year ended June 30, 2019. The amount due from this customer, included in trade receivables, was \$69,844, or 54%, for the year ended June 30, 2019.

West Calcasieu Airport Managing Board
Sulphur, Louisiana
Notes to Financial Statements
June 30, 2019 and 2018

Note 11 - Construction and Other Significant Commitments

At June 30, 2019, the Board had two (2) uncompleted construction contracts for the construction of T-Hangars and rehab of the taxiway. The remaining commitment on these construction contracts was approximately \$625,662.

Note 12 - Related Party Transaction

The Board entered into a hangar lease agreement with a company in which a member of the board of commissioners is a partner. The lease agreement specifies a monthly rental amount of \$250. For the year ended June 30, 2019, the Board had received \$3,000 in rental revenues from the company.

Note 13 - Subsequent Events

Subsequent events were evaluated through December xx, 2019, which is the date the financial statements were available to be issued.

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INDEPENDENT AUDITORS' REPORT

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 Commissioners
West Calcasieu Airport Managing Board
Sulphur, Louisiana

I have audited 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, the financial statements of West Calcasieu Airport Managing Board as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise West Calcasieu Airport Managing Board Louisiana's basic financial statements, and have issued my report thereon dated December 26, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered West Calcasieu Airport Managing Board internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Calcasieu Airport Managing Board's internal control. Accordingly, I do not express an opinion on the effectiveness of West Calcasieu Airport Managing Board 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Commissioners
West Calcasieu Airport Managing Board

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Calcasieu Airport Managing Board Louisiana's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
December 26, 2019

West Calcasieu Airport Managing Board
Sulphur, Louisiana
Schedule of Findings and Responses
June 30, 2019

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. No material weaknesses or significant deficiencies in internal control noted.
3. No instances of non-compliance noted.

B. GAGAS Findings:

None.

C. Prior Year Findings:

None.

West Calcasieu Airport Managing Board
Sulphur, Louisiana

**Schedule of Compensation, Benefits and Other
Payments to the President of the Board of Commissioners**

Year Ended June 30, 2019

Agency Head: Timothy J. Lafleur, Executive Director

Purpose	Amount
Salary	\$59,375.34
Benefits-insurance	0.00
Benefits-retirement	0.00
Benefits-Other	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements	1,455.46
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00

Note: This schedule is included as supplementary information.

WEST CALCASIEU AIRPORT MANAGING
Sulphur, Louisiana

Independent Accountant's Report on Applying
Agreed-Upon Procedures

July 1, 2018 – June 30, 2019

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of West Calcasieu Airport Managing Board and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of West Calcasieu Airport Managing 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 period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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:

WEST CALCASIEU AIRPORT MANAGING
Sulphur, Louisiana

Independent Accountant's Report on Applying
Agreed-Upon Procedures

July 1, 2018 – June 30, 2019

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The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - 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.
 - k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Findings: The Board does not have a written Disaster Recovery/Business Continuity policy. The Board will adopt a written policy to address this function.

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.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - 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.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - 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.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

Collections

5. Obtain 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, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - 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.
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.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

Non – Payroll Disbursements –(excluding credit card purchases/payments, and petty cash purchases)

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.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - 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), report 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), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
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.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
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.]
 - b) Report 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, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - 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, 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.
 - 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.

Findings: No exceptions.

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.
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.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - 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)
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

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.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - 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 the entity solicited quotes as a best practice.
 - 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.
 - 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.
 - 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).

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - 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.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - 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.
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.
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.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

Ethics

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.
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.

Findings: No exceptions.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
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.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

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.
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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings: No exceptions.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

Steven M. DeRouen & Associates

December 10, 2019
Lake Charles, Louisiana

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - 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.
 - k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Findings: The Board does not have a written Disaster Recovery/Business Continuity policy. The Board will adopt a written policy to address this function.

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.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - 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.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - 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.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

Collections

5. Obtain 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, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - 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.
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.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

Non – Payroll Disbursements –(excluding credit card purchases/payments, and petty cash purchases)

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.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - 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), report 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), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
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.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
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.]
 - b) Report 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, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - 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, 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.
 - 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.

Findings: No exceptions.

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.
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.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - 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)
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

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.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - 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 the entity solicited quotes as a best practice.
 - 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.
 - 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.
 - 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).

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - 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.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - 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.
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.
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.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

Ethics

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.
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.

Findings: No exceptions.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
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.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

As the Board did not have an exception in this AUP category in prior year, this procedure was tested in year 3.

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.
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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings: No exceptions.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

Steven M. DeRouen & Associates

December 23, 2019
Lake Charles, Louisiana