

OUACHITA COUNCIL OF GOVERNMENTS

Financial Statements

For the Year Ended June 30, 2017

OUACHITA COUNCIL OF GOVERNMENTS

Financial Statements

For the Year Ended June 30, 2017

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HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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David Ray Soignier, CPA, MBA, CGMA

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INDEPENDENT AUDITORS' REPORT

Council Members Ouachita Council of Governments Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of Ouachita Council of Governments (the Council), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

Council Members
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Monroe, Louisiana

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Council as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Council has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Council Members
Ouachita Council of Governments
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Other Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Council's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.



(A Professional Accounting Corporation)

December 29, 2017

BASIC FINANCIAL STATEMENTS

OUACHITA COUNCIL OF GOVERNMENTS

Balance Sheet (FFS)

Statement of Net Position (GWFS)

June 30, 2017

	<u>Balance Sheet</u>		<u>Statement of</u>
	<u>Major Fund</u>		<u>Net Position</u>
	<u>General Fund</u>	<u>Adjustments</u>	
Assets			
Cash	\$ 134,915	\$ -	\$ 134,915
Receivables			
Federal sources	181,371	-	181,371
Local sources	10,000	-	10,000
Total assets	\$ 326,286	\$ -	326,286
Liabilities			
Accounts payable	\$ 243,745	\$ -	243,745
Total liabilities	243,745	-	243,745
Fund balance			
Unassigned	82,541	(82,541)	
Total fund balance	82,541		
Total liabilities and fund balance	\$ 326,286		
Net position			
Unrestricted		82,541	82,541
Total net position		\$ -	\$ 82,541

The notes to the financial statements are an integral part of this statement.

OUACHITA COUNCIL OF GOVERNMENTS

Statement of Revenues, Expenditures and Changes in Fund Balance (FFS)

Statement of Activities (GWFS)

For the Year Ended June 30, 2017

	Statement of Revenues, Expenditures and Changes in Fund Balance		Adjustments	Statement of Activities	
	Major Fund				
	General Fund				
Expenditures / Expenses					
General and administrative	\$ 41,452	\$ -	-	\$ 41,452	
Health and welfare	29,578	-	-	29,578	
Public works					
Federal Highway Administration	242,470	-	-	242,470	
Regional Strategic Highway Safety Plan	67,586	-	-	67,586	
Federal Transit Administration	140,028	-	-	140,028	
Total expenditures / expenses	521,114	-	-	521,114	
Program / Intergovernmental Revenues					
Operating grants and contributions					
Federal grants					
Federal Highway Administration	193,976	-	-	193,976	
Regional Strategic Highway Safety Plan	140,028	-	-	140,028	
Federal Transit Administration	57,069	-	-	57,069	
Total Federal grants	391,073	-	-	391,073	
Local grants					
City of Monroe	67,682	-	-	67,682	
City of West Monroe	19,110	-	-	19,110	
Ouachita Parish Police Jury	27,429	-	-	27,429	
Total local grants	114,221	-	-	114,221	
Total program/intergovernmental revenues	505,294	-	-	505,294	
Net program revenues	(15,820)	-	-	(15,820)	
General revenues					
Contributions-in-kind	8,420	-	-	8,420	
Other income	10,047	-	-	10,047	
Interest income	133	-	-	133	
Total general revenues	18,600	-	-	18,600	
Excess of revenues over expenditures / expenses	2,780	-	-	2,780	
Fund balance / net position beginning of year	79,761	-	-	79,761	
Fund balance / net position end of year	\$ 82,541	\$ -	-	\$ 82,541	

The notes to the financial statements are an integral part of this statement.

OUACHITA COUNCIL OF GOVERNMENTS

Notes to the Financial Statements

For the Year Ended June 30, 2017

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Notes To Financial Statements

For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the Ouachita Council of Governments (the Council) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Ouachita Council of Governments was created by the Commission Council of the City of Monroe, the Mayor and Board of Aldermen of the City of West Monroe, the Ouachita Parish Police Jury, the City of Monroe School Board, and the Ouachita Parish School Board on September 23, 1968, under the authority of Louisiana Revised Statutes 33:1321-1332. On February 26, 1973, the articles of the agreement were amended to provide for two classes of membership on the Council - regular members and associate members. The regular membership consists of: (1) two members from the City of Monroe Commission Council (one of whom may be the Mayor) appointed by the Commission Council; (2) two members from the membership of the Mayor and Board of Aldermen of the City of West Monroe (one of whom may be the Mayor) appointed by the Mayor and Board of Aldermen; and (3) two members from the Ouachita Parish Police Jury (one of whom may be the President) appointed by the Ouachita Parish Police Jury. Any other unit of government situated within Ouachita Parish, or having an operating office in Ouachita Parish, is eligible for associate membership. Regular and associate members serve without benefit of compensation.

In creating the Ouachita Council of Governments, the members included in the articles of the agreement the following functions and purposes of the Council:

1. To carry on a continuing comprehensive planning program that supplements and coordinates but does not duplicate the programs of the member units.
2. To study such area governmental problems common to two or more members of the Council as it deems appropriate, including but not limited to matters affecting health, safety, welfare, education, economic conditions and regional development.
3. To promote cooperative arrangements and coordinate action among its members.
4. To make recommendations for review and action to the members and other public agencies that perform functions within the region.
5. To serve as a clearinghouse, for the benefit of the member governments, of information concerning their common problems and concerning state and federal services available to assist in the solution of these problems.

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) establishes criteria for determining the governmental reporting entity

OUACHITA COUNCIL OF GOVERNMENTS

Notes To Financial Statements

For The Year Ended June 30, 2017

and component units that should be included within the reporting entity. Because the Council members are solely accountable for fiscal matters, which include (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, and (3) fiscal management for controlling the collection and disbursement of funds, and because of the scope of public service provided by the Council, the Council is a separate governmental reporting entity. The Council includes all funds, activities, et cetera, that are within the oversight responsibility of the Council. The Council has no component units, defined by GASB Statement 61 as other legally separate organizations for which the elected Council members are financially accountable.

B. Funds

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

The fund of the Council is classified into the governmental category. The fund classification and a description of the existing fund type follows:

Governmental Funds - Governmental funds are used to account for the Council's general government activities, including the collection and disbursement of specific or legally restricted monies. The Council's only governmental fund is the General Fund which is the primary operating fund of the Council. It accounts for all financial resources of the Council.

C. Measurement Focus And Basis Of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

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Notes To Financial Statements

For The Year Ended June 30, 2017

Net Position - For the Government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net asset use are either: externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. In the Statement of Net Position federal grant projects and certain payments by local agencies are considered restricted because the use of grant funds has been designated by the benefactor or grantor. It is the Council's policy to spend restricted funds prior to the use of unrestricted funds when applicable.

Program Revenues - Program revenues include operating grants and contributions. Program revenues also reduce the cost of the function to be financed from the Council's general revenues.

General Revenues - General revenues included in the Statement of Activities are derived from unrestricted state and local grants and from other sources not considered program revenues. General revenues finance the remaining balance of functions not covered by program revenues.

Fund Financial Statements (FFS)

Governmental Funds - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current position. The governmental funds use the following practices in recording revenues and expenditures:

Revenues - Intergovernmental revenues are recognized in the amounts earned, to the extent that they are both measurable and available. Other income is recorded when the income is available.

Expenditures - Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

OUACHITA COUNCIL OF GOVERNMENTS

Notes To Financial Statements

For The Year Ended June 30, 2017

D. Budgets

The Council follows these procedures in establishing the budgetary data reflected in the combined financial statements: State statute requires budgets be adopted for the General Fund and any special revenue funds. Each year, prior to the beginning of the fiscal year, the executive secretary submits to the Council a proposed operating budget for the General Fund. Public hearings are conducted, prior to the Council's approval, to obtain taxpayer comments. Grant funds are included in the General Fund. The operating budgets include proposed expenditures and the means of financing them.

The Council adopts a budget for the General Fund. All appropriations (unexpended budget balances) lapse at year-end.

Encumbrances are not recognized within the accounting records for budgetary control purposes. All governmental funds budgets are prepared on the modified accrual basis of accounting, a basis consistent with GAAP. Budgeted amounts are as originally adopted or as amended by the Council. Legally, the Council must adopt a balanced budget, that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. The Council approves budgets at the function level and management can transfer amounts between line items within a function.

Formal budget integration (within the accounting records) is employed as a management control device. The budget is established and controlled by the Council at the functional level of expenditure and budget amendments are adopted by the Council as necessary.

E. Cash

Cash includes amounts in interest-bearing demand deposits. Under state law, the Council may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. Fund Equity

Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.

Imposed by law through constitutional provisions or enabling legislation.

OUACHITA COUNCIL OF GOVERNMENTS

Notes To Financial Statements

For The Year Ended June 30, 2017

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

The Council does not have any restricted fund balances in the current fiscal year.

Fund Equity of Fund Financial Statements

GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions* requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as prepaid expenses.

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers such as federal or state regulations for future use or through enabling legislation and are, therefore, not available for future appropriation or expenditure. The Council does not have any such fund balances remaining in the current fiscal year.

Committed: Fund balance that can only be used for specific purposes determined by the Council's highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of either a policy of the Council or motions passed by the Council committing the funds. The Council does not have any such fund balances in the current fiscal year.

Assigned: Fund balance that is constrained by the Council's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Council. The Council does not have any assigned fund balances in the current fiscal year.

Unassigned: Fund balance that is the residual classification for the general fund. The Council has not established benchmarks for unassigned fund balance requirements.

The Council has not established a formal policy regarding the order of spending fund balances that are restricted, committed, or assigned. The Council's informal policy for the spending prioritization of fund balances is that restricted would receive top priority followed by committed. Assigned balances receive the least priority and would be authorized to be spent only if adequate

OUACHITA COUNCIL OF GOVERNMENTS

Notes To Financial Statements

For The Year Ended June 30, 2017

funds were available. If expenditures incurred exceed the amount that have been committed or assigned to a specific purpose, amounts unassigned would be reduced to eliminate the deficit.

G. Use Of Estimates

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

Note 2 - Cash

Custodial credit risk – deposits - These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 2017, the Council had \$200,190 on deposit (\$134,915 book balance) with its financial institution all of which was covered by federal deposit insurance.

Note 3 - Receivables

The receivables at June 30, 2017, are as follows:

	Federal Highway Federal Highway Administration	Regional Strategic Highway Safety Plan	Federal Transit Federal Transit Authority	Local Governments	Total
<u>Class of Receivable</u>	<u>H972216</u>	<u>H972143</u>	<u>PL80-0026</u>		
Federal sources	\$ 42,877	\$ 131,730	\$ 6,764	\$ -	\$ 181,371
Local sources	-	-	-	10,000	10,000
	<u>\$ 42,877</u>	<u>\$ 131,730</u>	<u>\$ 6,764</u>	<u>\$ 10,000</u>	<u>\$ 191,371</u>

OUACHITA COUNCIL OF GOVERNMENTS

Notes To Financial Statements

For The Year Ended June 30, 2017

Note 4 - Intergovernmental Activities

The Council receives contributions from its member agencies to pass through to other local agencies in the region. Additionally, Federal program funds are received from the Louisiana Department of Transportation and Development and transferred to other agencies. For the year ended June 30, 2017, the Council distributed the following:

	General & Administrative	Health and Welfare	Federal Highways Administration PL80-37-14	Regional Strategic Hwy Safety Plan H972143	Federal Highways Authority H.972035.1	Total
North Delta Regional Planning & Development District	\$ 41,452	\$ -	\$ 242,470	\$ 140,028	\$ 67,586	\$ 491,536
LA Department of Veterans Affairs	-	13,476	-	-	-	13,476
Senior Adult Academic Program	-	2,066	-	-	-	2,066
Ambulance fees	-	10,000	-	-	-	10,000
Ouachita Council on Aging	-	1,309	-	-	-	1,309
Association for Retarded Citizens/Ouachita	-	1,235	-	-	-	1,235
GoCARE	-	1,000	-	-	-	1,000
Ouachita Multi-Purpose CAP	-	492	-	-	-	492
Total	\$ 41,452	\$ 29,578	\$ 242,470	\$ 140,028	\$ 67,586	\$ 521,114

North Delta Regional Planning and Development District (North Delta) also paid \$8,421 in accounting fees on behalf of the Council which are included in general and administrative expenses totaling \$41,452 on the statement of Revenues, Expenditures and Changes in Fund Balance and on the Statement of Activities.

Note 5 - Dual Roles of Staff

The executive secretary of the Council also serves as executive director of North Delta. The Council has contracted with North Delta to provide technical assistance in carrying out Federal and local program activities. For the year ended June 30, 2017, the Council was billed \$501,536 for Public Works expenditures and administrative fees by North Delta and health and welfare payments to agencies. This amount represents 96 percent of the Council's expenditures for the year. At June 30, 2017, the Council owed \$232,756 to North Delta.

OUACHITA COUNCIL OF GOVERNMENTS

Notes To Financial Statements

For The Year Ended June 30, 2017

Note 6 - Litigation And Claims

Litigation - The Council was not involved in any litigation at June 30, 2017, nor is it aware of any unasserted claims.

Grant Disallowance - The Council participates in a number of Federal awards programs. These programs are subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Council expects such amounts, if any, to be immaterial.

Note 7 - Economic Dependency

The three regular members of the Council, the City of Monroe, the City of West Monroe, and the Ouachita Parish Police Jury, fund the local activities of the Council and also fund the 20 percent match for federal grants. For the year ended June 30, 2017, the three governmental units contributed 22% of the Council's total revenues. Federal sources account for 75% of the Council's total revenues. The loss of local revenue would result in the loss of federal revenue due to the 20 percent match requirement. The loss of federal sources would seriously impact the Council's operation.

Note 8 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Council is self-insured for all such losses. The Council currently reports all of its risk management activities in the General Fund.

Note 9 - Subsequent Events

Management has evaluated subsequent events through December 29, 2017, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

OUACHITA COUNCIL OF GOVERNMENTS

General Fund
Budgetary Comparison Schedule

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning	\$ -	\$ -	\$ 79,761	\$ 79,761
Resources (inflows)				
Intergovernmental revenues				
Federal sources				
Federal Highway Administration	-	-	193,976	193,976
Regional Strategic Highway Safety Plan	-	-	140,028	140,028
Federal Transit Authority	-	-	57,069	57,069
Local sources				
City of Monroe	67,682	67,682	67,682	-
City of West Monroe	19,110	19,110	19,110	-
Ouachita Parish Police Jury	27,429	27,429	27,429	-
Other revenues				
Contributions-in-kind	-	-	8,420	8,420
Other income	5,000	5,000	10,047	5,047
Interest income	-	-	133	133
Total revenue (inflows)	<u>119,221</u>	<u>119,221</u>	<u>523,894</u>	<u>404,673</u>
Amounts available for appropriations	<u>119,221</u>	<u>119,221</u>	<u>603,655</u>	<u>484,434</u>
Charges to appropriations (outflows)				
Current				
General and administrative	33,031	33,031	41,452	(8,421)
Health and welfare	21,978	21,978	29,578	(7,600)
Public works	<u>451,198</u>	<u>451,198</u>	<u>450,084</u>	<u>1,114</u>
Total charges to appropriations	<u>506,207</u>	<u>506,207</u>	<u>521,114</u>	<u>(14,907)</u>
Budgetary fund balance, ending	\$ <u>(386,986)</u>	\$ <u>(386,986)</u>	\$ <u>82,541</u>	\$ <u>(469,527)</u>

OTHER SUPPLEMENTAL INFORMATION

OUACHITA COUNCIL OF GOVERNMENTS

Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer

For the Year Ended June 30, 2017

Chief Executive Officer: David Creed - Executive Secretary

NONE

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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Katie Jacola, CPA
Lesley Engolia, CPA

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 *GOVERNMENT AUDITING STANDARDS*

Council Members Ouachita Council of Governments Monroe, Louisiana

We 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 the governmental activities and the major fund of Ouachita Council of Governments (the Council) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated December 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant

**Council Members
Ouachita Council of Governments
Monroe, Louisiana**

deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standard* and which is described in the accompanying schedule of findings and responses as item 2017-002.

The Council's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



(A Professional Accounting Corporation)

December 29, 2017

OUACHITA COUNCIL OF GOVERNMENTS

Schedule of Findings and Responses

For The Year Ended June 30, 2017

2017-001 Timeliness of Records (First reported in 2016)

Criteria or Specific Requirement

Prudent record management requires that transactions be recorded accurately in a timely manner, such that the books and records are current on an ongoing basis.

Condition Found

In August 2017, the Council provided a trial balance and general ledger that could not be reconciled with supporting documentation. A revised trial balance was provided in November 2017 that included \$19,275 in payables owed to the subcontractor from the prior year that had not been paid.

Cause

The Council did not monitor amounts owed to ensure timely, accurate payments. Further, transactions recorded did not align with supporting documentation allowing for identification of amounts owed and paid.

Effect

The Council did not maintain accurate records to ensure that obligations were paid in a timely manner. The Council was late in getting their books and records closed out at year end and therefore pushed the completion of the final trial balance to November.

Recommendations to Prevent Future Occurrences

We recommend that Council personnel review records for completeness and reconcile those records with the subcontractor monthly.

Response

Counsel personnel review records for completeness and reconcile those records with the subcontractor monthly.

2017-002 Louisiana Budget Law (First reported in 2016)

Criteria or Specific Requirement

Louisiana Revised Statute 39:1305 requires local governments to include in their budgets a budget message and specific statements for the general fund and each special revenue fund including a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department,

OUACHITA COUNCIL OF GOVERNMENTS

Schedule of Findings and Responses

For The Year Ended June 30, 2017

function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.

Further, the statute states that the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year; i.e. the beginning fund balance and any anticipated revenues.

Louisiana Revised Statute 39:1307 requires publication of the budget notice at least 10 days prior to the date of the first public hearing. The proposed budget shall be completed and submitted to the Council and made available for public inspection as provided for in R.S. 39:1308 no later than 15 days prior to the beginning of the fiscal year.

The Louisiana Legislative Auditor requires that the Louisiana Compliance Questionnaire be approved by the governing body and be presented to the auditors at the beginning of the audit.

Condition Found

For the year ended June 30, 2017, the Council did not budget for federal revenues or fund balance at beginning or end of the year. As a result, the budget's total of proposed expenditures exceeded anticipated revenues by \$386,986 which far exceeded the prior year ending fund balance of \$79,761. In addition, the Council's budget did not include the required budget message.

The budget notice was published on June 20, 2016 and the budget was approved at a Council meeting on June 27, 2016, thus failing to meet both the 10 day prior and 15 days prior requirements.

The Louisiana Compliance Questionnaire was not approved by the governing body and was presented to the auditors at the end of the audit.

Cause

The budget adopted by the Council did not include all required information and was not published and provided for public inspections within the prescribed timelines.

Personnel did not prepare the Louisiana Compliance Questionnaire and present to the Council in a timely manner.

OUACHITA COUNCIL OF GOVERNMENTS

Schedule of Findings and Responses

For The Year Ended June 30, 2017

Effect

The Council was not in compliance with the Local Government Budget Act which could create misinformation for decision making.

The Council was not in compliance with the Louisiana Legislative Auditors requirements concerning preparation and adoption of the Louisiana Compliance Questionnaire.

Recommendations to Prevent Future Occurrences

We recommend that management of the Council produce the budget with all required items and publish and produce for public inspections within prescribed timelines. Council personnel should complete the Louisiana Compliance Questionnaire and present to Council at the first meeting of the fiscal year and then forward to the auditors at the commencement of the audit.

Response

The Council will produce the budget with all required items and publish and produce for public inspection within the prescribed timelines.

The Council personnel will complete the Louisiana Compliance Questionnaire and present to the Council at the first meeting of the fiscal year and then forward to the auditors at the commencement of the audit.

OUACHITA COUNCIL OF GOVERNMENTS

Status of Prior Year Findings

For The Year Ended June 30, 2017

The following is a summary of the status of the prior year findings included in Huffman & Soignier (APAC)'s audit report dated December 22, 2016, covering the audit of the financial statements of Ouachita Council of Governments as of and for the year ended June 30, 2016.

2016-001 Timeliness of Records

Criteria or Specific Requirement

Prudent record management requires that transactions be recorded in a timely manner, such that the books and records are current on an ongoing basis.

Condition Found

The Council contracts work to another organization and that organization submits the requests for reimbursement to the federal agency and invoices the Council for work performed. The subcontractor was behind in submitting the requests and the invoices for the year ended June 30, 2016.

Status

Refer to Finding 2017-001

2016-002 Louisiana Budget Law

Criteria or Specific Requirement

Louisiana Revised Statute 39:1311 requires local governments to amend their budgets if there is a 5% or greater overage in budgeted revenues as compared to actual revenues or a 5% or greater overage in actual expenditures as compared to budgeted expenditures.

The Louisiana Legislative Auditor requires that the Louisiana Compliance Questionnaire be approved by the governing body and be presented to the auditors at the beginning of the audit.

Condition Found

For the year ended June 30, 2016, the Council's actual expenditures exceeded budgeted expenditures by 26%.

The Louisiana Compliance Questionnaire was not approved by the governing body and was presented to the auditors at the end of the audit.

Status

Refer to Finding 2017-002

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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Lesley Engolia, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

**To the Council of Ouachita Council of Governments
and the Louisiana Legislative Auditor:**

We have performed the procedures enumerated below, which were agreed to by Ouachita Council of Governments (the Council) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Council's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We requested the entity's written policies and procedures.

Results: The Council has no written policies and procedures.

Management's Response: The Council will discuss the lack of written policies and procedure at the next meeting and decide what actions should be taken in the future.

Board (or Finance Committee, if applicable)

2. We obtained and reviewed the board/committee minutes for the fiscal period, and:

- a) Determined 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) Determined 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) Determined 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.

Results: Meetings are held monthly unless there is no agenda however the minutes do not reference monthly budget-to-actual comparisons.

Management's Response: The Council will be provided a monthly budget-to-actual comparison at the monthly board meetings starting at the next meeting.

Bank Reconciliations

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

Results: Bank reconciliations were prepared but there is no evidence that a member of management or a board member has reviewed each bank reconciliation.

Management's Response: A board member will review, initial and date each bank reconciliation from this date forward.

Collections

5. We requested a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

- a) We attempted to obtain existing written documentation (e.g. insurance policy, policy manual, job description) in order to determine whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) We attempted to obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) in order to determine whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and report any exceptions.
7. We attempted to obtain existing written documentation (e.g. policy manual, written procedure) in order to determine 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.

Results: There are no written policies and procedures covering collections. We were unable to determine if deposits were made within one day of collection.

Management's Response: The Council will discuss the lack of written policies and procedure at the next meeting and decide what actions should be taken in the future.

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

- 8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We obtained management's representation that the listing or general ledger population is complete.
- 9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement

population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. We inquired of management whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and determined whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Results: The only disbursements are to subrecipients. There are no purchases nor any policies and procedures governing disbursements. We determined that the person responsible for processing payments is not prohibited from adding vendors to the purchasing/disbursement system.

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

14. We requested from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
15. Omitted- not applicable

16. Omitted- not applicable

Results: The Council has no credit cards/debit cards/fuel cards/P-cards

Travel and Expense Reimbursement

17. We requested from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.

18. Omitted- not applicable

19. Omitted- not applicable

Results: The Council has no travel and expense reimbursements

Contracts

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

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

- a) Determined whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Reported whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtained/compared supporting contract documentation to legal requirements and reported whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtained supporting contract documentation and reported whether the entity solicited quotes as a best practice.
- c) Determined whether the contract was amended. If so, reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.

- e) Obtained/reviewed 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).

Results: There is only one vendor and there is a contract with them. The contract is not subject to the bid law, there were no amendments to the contract and the contract was not approved by the Council. The invoices and related payments complied with the terms and conditions of the contract.

Management's Response: The contract referred to above was approved as part of the Unified Planning Work Program process that was approved by the Ouachita Council of Governments during the April 25, 2016 meeting. This process is a common practice among MPO's across the State.

Payroll and Personnel

- 22. We requested a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete.
- 23. Omitted- not applicable
- 24. Omitted- not applicable
- 25. Omitted- not applicable

Results: The Council has no employees

Ethics (excluding nonprofits)

- 26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtained ethics compliance documentation from management and reported whether the entity maintained documentation to demonstrate that required ethics training was completed.
- 27. Inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, reviewed documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: The Council has no employees. There were no alleged ethics violations reported to the entity during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtained supporting documentation from the entity, and reported whether State Bond Commission approval was obtained.
29. Omitted- not applicable
30. Omitted- not applicable

Results: The Council has issued no debt

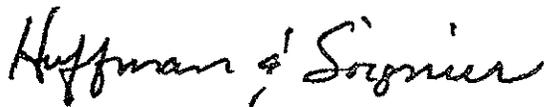
Other

31. Inquired of management whether the entity had any misappropriations of public funds or assets. If so, obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observed and reported whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

Results: There were no misappropriations. The Council has no premises or website on which to post notices. We did not observe or identify any exceptions regarding management's representations in the procedures above.

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

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



(A Professional Accounting Corporation)

December 29, 2017