

**WEST CALCASIEU AIRPORT
MANAGING BOARD**
Sulphur, Louisiana

Financial Report
June 30, 2017

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**WEST CALCASIEU AIRPORT MANAGING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017**

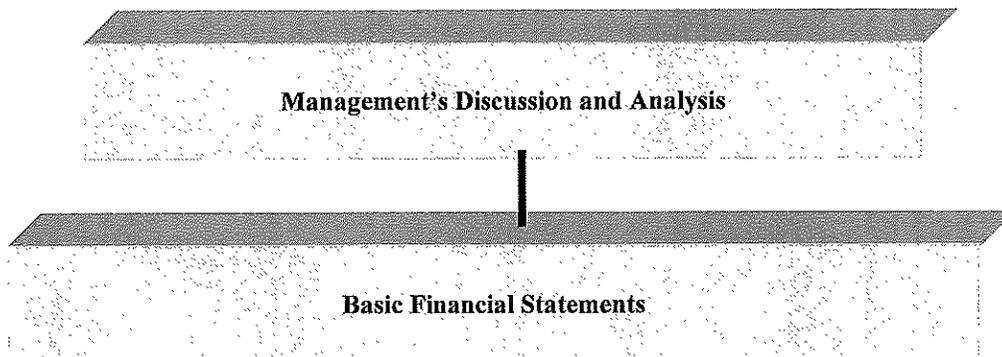
The Management's Discussion and Analysis of the West Calcasieu Airport Managing Board's financial performance presents a narrative overview and analysis of the Airport's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and 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 Airport's assets exceeded its liabilities at the close of the fiscal year 2017 by \$5,490,074. Of this amount, \$1,128,440 may be used to meet the Airport's ongoing obligations to its users.
- The Airport's operating revenue increased \$254,564 and the net operating income increased by \$192,128 from prior year. The operating income increase was mainly due to increased lease income. The change in net position increased by \$159,617 primarily as a result of increased operating income and intergovernmental revenue.

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, 2017**

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 (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is Net Position and may provide a useful indicator of whether the financial position of the Airport is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (page 9) presents information showing how the Airport'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 Statement of Cash Flows (pages 10-11) presents information showing how the Airport'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>06/17</u>	<u>06/16</u>
Current and Other Assets	\$1,318,973	\$ 1,114,715
Capital Assets	4,364,723	3,748,473
Total Assets	<u>5,683,696</u>	<u>4,863,188</u>
Deferred Outflows Of Resources	<u>-</u>	<u>-</u>
Current Liabilities	180,643	216,905
Long-term Debts Outstanding	12,979	23,904
Total Liabilities	<u>193,622</u>	<u>240,809</u>
Deferred Inflows Of Resources	<u>-</u>	<u>-</u>
Net Position:		
Capital Net of Debt	4,357,298	3,723,623
Restricted	4,336	14,728
Unrestricted	1,128,440	884,028
Total Net Position	<u>5,490,074</u>	<u>4,622,379</u>

**WEST CALCASIEU AIRPORT MANAGING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017**

	<u>06/17</u>	<u>06/16</u>
Operating Revenues Gross Profit	\$ 856,872	\$ 598,889
Operating Expenses	<675,867>	<610,012>
Net Operating Income/(Loss)	<u>181,005</u>	<u><11,123></u>
Non-operating Revenues	415,832	253,339
Non-operating (Expenses)	<1,108>	<2,674>
Net Non-Operating Income/(Loss)	<u>414,724</u>	<u>250,665</u>
Income(Loss) Before Contributions	595,729	239,542
Capital Contributions	271,966	468,536
Change In Net Position	<u>\$ 867,695</u>	<u>\$ 708,078</u>

The major sources of revenues include the sale of fuels and supplies and leases of hangars, offices and land. The major operating expenses include salaries, depreciation, insurance, repairs, professional fees and utilities expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the Airport had \$4,364,723 net of accumulated depreciation, invested in a broad range of capital assets, including land, right of ways, buildings, roads, terminal improvements, furniture, fixtures, equipment, and construction-in-progress. (See Table Below). This amount represents an increase (including additions and deductions) of \$616,250 over last year.

	<u>06/17</u>	<u>06/16</u>
Land and Right of Ways	\$ 745,469	\$ 745,469
Building and Terminal Improvements	8,078,480	7,859,445
Furniture, Fixtures, and Equipment	260,534	239,858
Construction-in-Progress	1,199,901	571,120
Less Accumulated Depreciation	<u><5,919,661 ></u>	<u><5,667,419></u>
Totals	<u>\$ 4,364,723</u>	<u>\$ 3,748,473</u>

**WEST CALCASIEU AIRPORT MANAGING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Debt Administration

The bonds payable balance decreased \$10,000 as principal was paid on the excess revenue bonds, decreasing the balance from \$10,000 to \$-0- in the current year.

The note payable balance decreased \$7,425 as principal was paid on the note, decreasing the balance from \$14,850 to \$7,425 in the current year.

ECONOMIC FACTORS AND FUTURE OUTLOOK

The following factors were considered in preparing the District's budget for the coming fiscal year:
Intergovernmental revenue was adjusted to \$300,000 for the projection.
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, customers, and creditors with a general overview of the Airport's finances and to show the Airport's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Darla B. Perry, CPA, West Calcasieu Airport.

McMullen and Mancuso
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P.O. Box 202

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INDEPENDENT AUDITORS' REPORT

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To the Board of Commissioners
West Calcasieu Airport Managing Board
Sulphur, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the West Calcasieu Airport Managing Board, a component unit of the Calcasieu Parish Police Jury, the West Calcasieu Port and the Industrial Development Board of the City of Sulphur, Inc. as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the West Calcasieu Airport Managing Board'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 misstatements, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the West Calcasieu Airport Managing Board as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 5 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the West Calcasieu Airport Managing Board'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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2017, on our consideration of the West Calcasieu Airport Managing Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana

November 6, 2017

WEST CALCASIEU AIRPORT MANAGING BOARD
Statement of Net Position
June 30, 2017
with Comparative Totals for June 30, 2016

Assets

	<u>2017</u>	<u>2016</u>
Current Assets		
Deposits and investments	\$ 826,375	\$ 865,523
Accounts receivable	53,638	37,465
Intergovernmental receivable	4,000	100,000
Lease receivable	55,938	68,024
Inventories	21,266	28,675
Total Current Assets	<u>961,217</u>	<u>1,099,687</u>
Restricted Asset		
Cash with fiscal agent	4,336	14,728
Total Restricted Asset	<u>4,336</u>	<u>14,728</u>
Plant, Property, and Equipment		
Buildings and improvements	8,078,480	7,859,445
Furniture, fixtures, and equipment	260,534	239,858
Construction in progress	1,199,901	571,120
Accumulated depreciation	(5,919,661)	(5,667,419)
Land	745,469	745,469
Total Plant, Property, and Equipment	<u>4,364,723</u>	<u>3,748,473</u>
Other Assets		
Deferred asset - infrastructure	353,120	-
Deposits	300	300
Total Other Assets	<u>353,420</u>	<u>300</u>
Total Assets	<u>5,683,696</u>	<u>4,863,188</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>

Liabilities and Net Position

Current Liabilities		
Accounts payable	18,478	44,580
Current portion of notes payable	7,425	7,425
Current portion of bonds payable	-	10,000
Accrued liabilities	1,240	1,400
Prepaid revenue	150,000	150,000
Deferred rental revenue	3,500	3,500
Total Current Liabilities	<u>180,643</u>	<u>216,905</u>
Long Term Liabilities		
Notes payable, net of current portion	-	7,425
Deferred rental revenue	12,979	16,479
Total Long Term Liabilities	<u>12,979</u>	<u>23,904</u>
Total Liabilities	193,622	240,809
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position		
Invested in capital assets, net of related debt	4,357,298	3,723,623
Restricted for revenue bonds	4,336	14,728
Unrestricted	1,128,440	884,028
Total Net Position	<u>\$ 5,490,074</u>	<u>\$ 4,622,379</u>

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

WEST CALCASIEU AIRPORT MANAGING BOARD
Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Year Ended June 30, 2017
with Comparative Totals for June 30, 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Sales, rentals, and service income	\$ 1,053,824	\$ 799,260
Cost of goods sold	<u>196,952</u>	<u>200,371</u>
Gross Profit	856,872	598,889
Total Operating Revenues	<u>856,872</u>	<u>598,889</u>
Operating Expenses		
Advertising and promotional	3,037	6,339
Bad debt	-	982
Bank charges and credit card fees	5,762	5,795
Contract labor	2,050	2,052
Depreciation	262,243	259,643
Dues and subscriptions	662	521
Employee benefits	1,350	1,820
Fuel	1,288	868
Insurance	46,346	46,075
Licenses	-	214
Office expense	3,312	1,315
Payroll taxes	11,345	11,081
Professional fees	34,699	31,850
Repairs and maintenance	119,348	63,925
Salaries	132,281	130,991
Supplies	8,611	4,426
Telephone	8,694	8,642
Travel	250	681
Uniforms	6,702	5,066
Utilities	<u>27,887</u>	<u>27,726</u>
Total Operating Expenses	<u>675,867</u>	<u>610,012</u>
Operating Income (Loss)	181,005	(11,123)
Non-operating Income (Expenses)		
Intergovernmental revenue	400,000	250,000
Interest expense	(1,108)	(2,674)
Interest income	2,874	267
Miscellaneous income	<u>12,958</u>	<u>3,072</u>
Total Non-operating Income (Expenses)	<u>414,724</u>	<u>250,665</u>
Income (Loss) before Contributions	595,729	239,542
Capital Contributions	<u>271,966</u>	<u>468,536</u>
Change in Net Position	867,695	708,078
Net Position at Beginning of Year	4,622,379	3,914,301
Net Position at End of Year	<u>\$ 5,490,074</u>	<u>\$ 4,622,379</u>

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

WEST CALCASIEU AIRPORT MANAGING BOARD

Statement of Cash Flows

For the Year Ended June 30, 2017

with Comparative Totals for June 30, 2016

Increase (Decrease) In Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Receipts from customers and others	\$ 1,046,237	\$ 757,801
Payments to suppliers and other operating expenses	(485,804)	(376,132)
Payments to employees	<u>(143,626)</u>	<u>(142,072)</u>
Net Cash Provided (Used) by Operating Activities	416,807	239,597
 Cash Flows From Non-Capital Financing Activities:		
Receipts under intergovernmental agreement	496,000	200,000
Other	<u>12,957</u>	<u>3,072</u>
Net Cash Provided By Non-Capital Financing Activities	508,957	203,072
 Cash Flows From Capital and Related Financing Activities:		
Capital contributions	271,966	468,536
Construction in progress expenditures	(628,388)	(429,335)
Capital expenditures	(239,711)	(91,490)
Deferred asset - infrastructure	(353,120)	-
Principal payments on notes payable	(7,425)	(7,425)
Principal payments on bonds	(10,000)	(10,000)
Interest payments on notes and bonds	<u>(1,108)</u>	<u>(2,634)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(967,786)	(72,348)
 Cash Flows From Investing Activities:		
Interest income	<u>2,874</u>	<u>267</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	(39,148)	370,588
Cash and Cash Equivalents at Beginning of Year	<u>865,523</u>	<u>494,935</u>
Cash and Cash Equivalents at End of Year	<u>\$ 826,375</u>	<u>\$ 865,523</u>

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

WEST CALCASIEU AIRPORT MANAGING BOARD
Statement of Cash Flows (continued)
For the Year Ended June 30, 2017
with Comparative Totals for June 30, 2016

Increase (Decrease) In Cash and Cash Equivalents

	2017	2016
Reconciliation of Operating Income (Loss) to Net		
Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 181,005	\$ (11,123)
Adjustments To Reconcile Operating Income (Loss) to Net		
Cash Provided by Operating Activities:		
Depreciation	262,243	259,643
(Increase)decrease in lease receivable	12,085	(68,024)
(Increase) decrease in receivable	(16,173)	30,065
(Increase) decrease in inventory	7,410	(5,499)
Increase (decrease) in accounts payable	(26,102)	38,173
Increase (decrease) in accrued liabilities	(161)	(138)
Increase (decrease) in deferred revenue	(3,500)	(3,500)
Net Cash Provided (Used) by Operating Activities	\$ 416,807	\$ 239,597

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

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

Notes to Financial Statements
June 30, 2017

Note 1 – Organization and 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 prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

This report includes all funds that are controlled by or dependent on the Board of 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 a component unit of the West Calcasieu Port, the Industrial Development Board of the City of Sulphur, and the Calcasieu Parish Police Jury.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The accounts of the West Calcasieu Airport Managing Board are organized on the basis of a proprietary fund. These 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 and 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.

C. 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.

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.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

Notes to Financial Statements
June 30, 2017

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

C. Basis of Accounting(continued)

The Board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the entity's ongoing operations. The principal operating revenues of the Board 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.

GASB No. 20 requires that governments' proprietary activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The Board has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

D. Plant, Property and Equipment

All fixed assets of the proprietary fund are recorded at historical costs or, if contributed property, at their estimated fair value at the time of contribution. Donated fixed assets include land valued at \$649,700. Depreciation of all exhaustible fixed assets is charged as an expense against their operations. The costs of normal repairs and maintenance that do not add to the value of the assets or materially extend assets lives are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. The Board has a capitalization policy of \$1,000.

Depreciation has been calculated using the straight-line method. Estimated useful lives for buildings and improvements are 10-40 years and furniture, fixtures and equipment are 5-10 years.

Depreciation expense for the year ending June 30, 2017 totaled \$262,243.

E. Cash and Cash Equivalents

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

F. Receivables

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.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

Notes to Financial Statements
June 30, 2017

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

G. Use of Estimates

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

H. Inventory

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

I. Restricted Assets

The Louisiana Bond Commission requires that a payment equal to 1/10 of the highest debt service coming due in the ensuing year be deposited into a reserve account until such time that the accumulated balance is equal to the highest combined principal and interest coming due in any given year. The State Bond Commission holds this amount in an escrow account.

J. 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, 2017

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

K. 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.

L. 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, 2017, management is not aware of any liability resulting from environmental matters.

Note 2 – Deposits and Investments

At June 30, 2017, the Board has deposits with financial institutions (book balances) as follows:

	<u>2017</u>
Cash	
Demand deposits	\$ 120,541
Investments	
Louisiana Asset Management Pool	705,734
Other	100
Total Cash and Investments	<u><u>\$ 826,375</u></u>

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.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

Notes to Financial Statements
June 30, 2017

Note 2 – Deposits and Investments (continued)

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, 2017, the Board had \$131,548 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

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, 2017 consist of \$705,734 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, 2017 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 AAAM 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.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

Notes to Financial Statements
June 30, 2017

Note 2 – Deposits and Investments (continued)

- 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, 2017 were as follows:

	July 1, 2016	Additions	Deletions	June 30, 2017
Building & Terminal Improvements	\$ 7,859,445	\$ 219,035	\$ -	\$ 8,078,480
Furniture, Fixtures, and Equipment	239,859	30,675	10,000	260,534
Accumulated Depreciation	(5,667,419)	(262,242)	(10,000)	(5,919,661)
Land	745,469	-	-	745,469
Construction in Progress	571,120	628,781	-	1,199,901
Total	<u>\$ 3,748,474</u>	<u>\$ 616,249</u>	<u>\$ -</u>	<u>\$ 4,364,723</u>

Note 4 – Bonds Payable

In 1997, the West Calcasieu Airport Managing Board entered into reimbursement contracts with the Louisiana Bond Commission. The 1997 A bond issue provided the Board with \$125,000 in bond proceeds, one hundred percent (100%) of which is required to be reimbursed to the Louisiana Bond Commission by the Board. The following is a summary changes in long-term debt for the year ended June 30, 2017. The bond was fully retired during the year ended June 30, 2017.

Description	Amount of		Interest Rates	Balance 6/30/2016	Retired 6/30/2016	Balance 6/30/2017
	Original Issue	Maturity				
1997 A	\$ 125,000	2017	6.02%	\$ 10,000	\$ 10,000	\$ -

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

Notes to Financial Statements
June 30, 2017

Note 5 – Notes Payable

The Board entered into a Cooperative Endeavor Agreement dated April 30, 2008 with the Calcasieu Parish Police Jury to assist in the purchase of a privately-owned hangar at the airport. The total amount received was \$165,000, with \$74,250 allocated as a grant and \$90,750 as loan proceeds, with \$16,500 considered short-term. The note is amortized over a period of 10 years with interest at 3.89%, first payment due May 2, 2009.

The Board entered into another Cooperative Endeavor Agreement dated October 17, 2010 with the Calcasieu Parish Police Jury to assist in the construction of six (6) T-Hangars at the airport. The total amount received was \$35,000. The note is amortized over a period of 4 years with interest at 2.00%, first payment due December 1, 2010.

The annual debt service requirements to maturity, for the notes payable as of June 30, 2017, are as follows:

Year Ended		
June 30,	Principal	Interest
2018	\$ 7,425	\$ 279

Note 6 – 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 2016, the amount of two hundred thousand dollars (\$200,000) to the West Calcasieu 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, 2016 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 2016 and one hundred thousand dollars (\$100,000) in July 2016. In assessment years 2016 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 7 – Board of Commissioners Per Diem

The members of the governing board received no per diem for the periods ended June 30, 2017.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

Notes to Financial Statements
June 30, 2017

Note 8 – Contributed Capital

Contributed capital at June 30, 2017 consists of the following:

	Balance June 30, 2016	<u>Additions</u> June 30, 2017	Balance June 30, 2017
Federal, State Grants and Parish Grants	\$ 7,232,438	\$ 271,966	\$ 7,504,404
Contributions from West Calcasieu Port, Harbor, and Terminal District	882,951	-	882,951
Contributions from Industrial Development Board of the City of Sulphur, Inc.	853,725	-	853,725
Donation of Land	649,700	-	649,700
Other	10,000	-	10,000
	<u>9,628,814</u>	<u>271,966</u>	<u>9,900,780</u>
Less Accumulated Depreciation on Fixed Assets Acquired by Contributed Capital	<u>5,323,094</u>	<u>-</u>	<u>5,323,094</u>
	<u>\$ 4,305,720</u>	<u>\$ 271,966</u>	<u>\$ 4,577,686</u>

Note 9 – Rental Revenue

The Board agreed to two (2) ten (10) year leases for the rental of hangar space for a lump sum of \$35,000 each. One lease agreement became effective March 1, 2002 and the second agreement on April 1, 2002. Deferred rental revenue is recognized as lease income at a rate of \$3,500 per year until expired. Both leases provide the lessees with an extension term of ten (10) additional years. Additionally, hangars and office spaces are also leased on a month-to-month basis. 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 actually received by the lessee from the client. 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

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

Notes to Financial Statements
June 30, 2017

Note 9 – Rental Revenue Continued

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.

Note 10 – 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 11– Post – Employment Benefits

As a component unit of the Calcasieu Parish Police Jury, the Board was required to implement GASB Statement No. 45 – 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 12– 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 13 – Major Customer

Sales, rentals, and service income from one major customer was approximately 65% of total sales, rentals, and service income for the year ended June 30, 2017. The amount due from this customer, included in trade receivables, was \$84,376, or 77%, for the year ended June 30, 2017.

Note 14 – Construction and Other Significant Commitments

At June 30, 2017, the Board had four (4) uncompleted construction contracts for the rehabilitation of airport lighting, runway rehabilitation, new T-hanger and layout plan. The remaining commitment on these construction contracts was approximately \$130,351.

Note 15 – Related Party Transaction

In a prior year, 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, 2017, the Board had received \$3,000 in rental revenues from the company.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

Notes to Financial Statements
June 30, 2017

Note 16 – Subsequent Events

Subsequent events were evaluated through November 6, 2017, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

**Schedule of Compensation, Benefits and Other
Payments to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2017**

Agency Head Name: Timothy J. LaFleur, Executive Director

Purpose	Amount
Salary	\$54,766
Benefits- insurance	\$0
Benefits- retirement	\$0
Benefits- other	\$0
Car allowance	\$0
Vehicle provided by government	\$0
Per Diem	\$0
Reimbursements	\$1,386
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Continuing professional education fess	\$0
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$0

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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

To the Board of Commissioners
West Calcasieu Airport Managing Board
Sulphur, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of West Calcasieu Airport Managing Board, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise West Calcasieu Airport Managing Board's basic financial statements, and have issued our report thereon dated November 6, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Calcasieu Airport Managing Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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 purpose.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
November 6, 2017

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

Schedule of Findings
For the Year Ended June 30, 2017

We have audited the financial statements of the West Calcasieu Airport Managing Board, a component unit of the Calcasieu Parish Police Jury, the West Calcasieu Port, and the Industrial Development Board of the City of Sulphur, Inc. as of and for the year ended June 30, 2017, and have issued our report thereon dated November 6, 2017. We have 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. Our audit of the financial statements as of June 30, 2017 resulted in an unmodified opinion.

Section I Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes X No Significant Deficiencies Yes X No

Compliance

Compliance Material to Financial Statements Yes X No

b. Management Letter Yes X No

Section II Financial Statement Findings

There were no current year findings.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2017

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken
Section I - Internal Control and Compliance Material to the Financial Statements:			
2016-1	6/30/2016	The Airport made a purchase of equipment that met the requirements for the emergency exception to the Public Bid Law. In accordance with R.S. 38:2212(P), the Public Bid Law may be waived provided that notice be given to the public by publishing in the official journal within ten (10) days of declaring the emergency by the entity at a public meeting. The Airport did not advertise in the local journal within ten (10) days after the Board meeting authorizing the purchase of the equipment.	Resolved

Section II - Management Letter:

There were no prior year management letter comments.

WEST CALCASIEU AIRPORT
Sulphur, Louisiana

Statewide Agreed-Upon Procedures Report

June 30, 2017

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
West Calcasieu Airport
Sulphur, Louisiana

We have performed the procedures enumerated below, which were agreed to by West Calcasieu Airport 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 Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain 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

The Airport currently has no policies and procedures to address the budgeting function.

- 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.

The Airport currently has no policies and procedures to address the purchasing function.

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

The Airport currently has no policies and procedures to address the disbursements function.

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

The Airport currently has no policies and procedures to address the receipts function.

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

The written policies and procedures were obtained and address the payroll/personnel function.

- 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

The Airport currently has no policies and procedures to address the contracting function.

- 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

The Airport currently has no policies and procedures to address the credit card function.

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

The Airport currently has no policies and procedures to address the travel and expense reimbursement function.

- 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.

The Airport currently has no policies and procedures to address the ethics function.

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

The Airport currently has no policies and procedures to address the debt service 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.

The Airport Board of Commissioners met at least monthly throughout the fiscal year.

- 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.

The Airport's minutes reference the monthly budget to actual comparison throughout the fiscal year.

- 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.

The Airport's minutes include approval of contracts and disbursements in at least (1) one meeting during the fiscal year.

Bank Reconciliations

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

Obtained listing of client bank accounts 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;

Obtained bank statements and reconciliations for all months in the fiscal year noting that 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

The bank reconciliations do not include written evidence that a member of management or a board member reviewed each bank reconciliation.

- 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.

There were no reconciling items that have been outstanding for more than (6) six months as of the end of the fiscal year.

Collections

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

Obtained listing of the cash collection location 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.

In the one location the person responsible for collecting cash is bonded. In this location the person responsible for collecting cash is not responsible for depositing the cash in the bank recording the related transactions or reconciling the related bank accounts. The person does not share a cash register or drawer with any employees.

- 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.

Written documentation was obtained and addresses the functions noted above.

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.

No exceptions noted.

- 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.

Daily cash collections are supported by collection documentation.

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.

Obtained written documentation and determined completeness of collections by a person who is not responsible for collections.

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

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

Obtained the general ledger listing of disbursements and management's representation that the listing 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.

Examined supporting documentation for each of the 25 disbursements selected and found that no purchases were initiated using a purchase order system, as the Airport does not use a purchase order/requisition system. All twenty five (25) disbursements examined did have supporting documentation.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Examined supporting documentation for each of the 25 disbursements selected and found that no purchases were initiated using a purchase order system, as the Airport does not use a purchase order/requisition system.

- 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.

Examined supporting documentation for each of the 25 disbursements and found that no payment was processed with an invoice; however, receiving reports were not present in the supporting documentation for any of the disbursements. Receiving reports are not required as a matter of policy.

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

The person responsible for processing payments can also add vendors.

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

The person with signatory authority also can initiate and record 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.

Inquiry and observation noted no exceptions.

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.

Inquiry and observation noted no exceptions.

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.

Obtained the listing of all active credit cards and fuel cards, including the card numbers and name of person who maintain possession of cards, and management's representation that the listing is complete was obtained.

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.

The (2) two credit cards used by the Airport were selected.

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.]

Selected the monthly statement with the largest dollar activity for each card and noted supporting documentation was not approved in writing by someone other than the authorized card holder. Written approval is not required as a matter of Airport policy.

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

Finance charges were noted on one (1) of the monthly statements selected for testing.

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)

No exceptions noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The Airport does not include documentation of the business public purpose on each transaction.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

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.

Obtained the general ledger which listed all travel and expense reimbursements and management's representation that the 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.

The Airport does not have written policies related to travel and expense reimbursements. No amounts listed exceeded 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.

No exceptions noted.

- 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.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- 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.

No exceptions noted.

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

No exceptions noted.

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.

Obtained the general ledger which listed all contract payments and management's representation that the 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.

Of the five (5) vendors selected a signed contract was not on file for one (1) of the vendors.

- 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)

Of the vendors selected subject to Louisiana Public Bid Law, the Airport complied with all legal requirements.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

- 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.

Four (4) of the contracts were amended, as the original contract terms did not contemplate or provide for such amendments. The amendments were in compliance with all legal requirements and board policy.

- 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.

The largest payment from each of the four (4) contracts tested complied with the terms and conditions of the contracts. One (1) of the contracts was not in writing; therefore, testing of compliance with the contract terms was not possible.

- 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).

Not applicable.

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:

Obtained the listing of employees with their related salaries and management's representation that the listing is complete.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 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.)

No exceptions noted.

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

No exceptions noted.

- 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.

No exceptions noted.

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.

Obtained list of employees that terminated during the fiscal year end management's representation is complete. The Airport made no termination payments to the employees.

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.

No exceptions noted.

Ethics (excluding nonprofits)

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

None of the employees of the Airport completed the required ethics training during the fiscal period. Five (5) of the employees have completed the required ethics training after the fiscal year end and documentation was obtained.

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.

Based upon inquiries of management, an allegation was received, investigated and addressed by the Airport during the fiscal year.

Debt Service (excluding nonprofits)

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

Not applicable.

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.

The Airport made the scheduled debt service payments and maintained debt reserves as required by the bond agreement.

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.

Not applicable.

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.

Management has asserted that the Airport had no misappropriations of public funds or assets.

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

The required notice is not posted on the Airport's premises or website. Subsequent to discussions with management the Airport will post the required notice on its premises and website.

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

No exceptions noted.

Management has reviewed and noted the exceptions above to the agreed upon procedures and will take steps necessary to implement procedures that are appropriate for the entity.

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.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
December 5, 2017