

**AVOUELLES PARISH
AIRPORT AUTHORITY**

Marksville, Louisiana

Financial Report

Year Ended December 31, 2018

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental fund	9
Reconciliation of the governmental fund balance sheet to the statement of net position	10
Statement of revenues, expenditures, and changes in fund balance - governmental fund	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental fund to the statement of activities	12
Notes to basic financial statements	13-22
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule:	
General Fund	24
Notes to required supplementary information	25
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27-28
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	29-30
Schedule of expenditures of federal awards	31
Notes to schedule of expenditures of federal awards	32
Schedule of findings and questioned costs	33-34
Schedule of current and prior year audit findings and management's corrective action plan	35-38

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Avoyelles Parish Airport Authority (“the Airport Authority”), a component unit of the Avoyelles Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Airport Authority’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Avoyelles Parish Airport Authority, as of December 31, 2018, 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 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic 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 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 expenditures of federal awards 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 June 19, 2019 on our consideration of the Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport Authority's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 19, 2019

BASIC FINANCIAL STATEMENTS

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 73,980
Receivables	2,713
Inventory	10,261
Prepaid insurance	2,409
Capital assets, net	<u>5,527,767</u>
Total assets	<u>\$ 5,617,130</u>
LIABILITIES	
Unearned revenue	<u>\$ 8,320</u>
NET POSITION	
Net investment in capital assets	5,527,767
Unrestricted	<u>81,043</u>
Total net position	<u>\$ 5,608,810</u>

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Statement of Activities
For the Year Ended December 31, 2018

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position Governmental Activities
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	<u>\$ 289,691</u>	<u>\$ 57,745</u>	<u>\$ 4,000</u>	<u>\$ 1,143,033</u>	<u>\$ 915,087</u>
		General revenues:			
					14,497
					211
					2,781
					17,489
					932,576
					4,676,234
					\$ 5,608,810

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

FUND FINANCIAL STATEMENTS (FFS)

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Balance Sheet
Governmental Fund - General Fund
December 31, 2018

ASSETS

Cash and interest-bearing deposits	\$ 73,980
Receivables	2,713
Inventory	<u>10,261</u>
Total assets	<u>\$ 86,954</u>

LIABILITIES AND FUND BALANCES

Unearned revenue	<u>\$ 8,320</u>
Nonspendable- inventory	10,261
Unassigned	<u>68,373</u>
Total fund balances	<u>78,634</u>
Total liabilities and fund balances	<u>\$ 86,954</u>

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2018

Total fund balance for the governmental fund	\$ 78,634
Capital assets, net	5,527,767
Prepaid insurance	<u>2,409</u>
Net position of governmental activities	<u>\$ 5,608,810</u>

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund - General Fund
Year Ended December 31, 2018

Revenues:	
Intergovernmental	\$ 1,161,530
Charges for services	57,745
Interest income	211
Other	<u>2,781</u>
Total revenues	<u>1,222,267</u>
Expenditures:	
General government	73,918
Capital outlay	1,139,769
Debt service:	
Principal retirement	20,590
Interest expense	<u>423</u>
Total expenditures	<u>1,234,700</u>
Deficiency of revenues over expenditures	(12,433)
Fund balance, beginning	<u>91,067</u>
Fund balance, ending	<u>\$ 78,634</u>

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2018

Total net change in fund balance per the statement of revenue, expenditures, and changes in fund balance		\$ (12,433)
Prepaid insurance		(461)
Capital assets:		
Capital outlay	\$ 1,109,099	
Depreciation expense	<u>(184,219)</u>	924,880
Debt service payment		<u>20,590</u>
Total change in net position per the statement of activities		<u>\$ 932,576</u>

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Basic Financial Statements

Fund Financial Statements (FFS)

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

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

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

The major fund of the Airport Authority is described below:

Governmental Fund -

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

General Fund

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

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

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Basic Financial Statements

Measurement Focus

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

Basis of Accounting

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

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

Program revenues

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

Use of Restricted Resources

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Basic Financial Statements

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

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts and certificates of deposit of the Airport Authority.

Receivables

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

Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items in the government-wide statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities' columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Airport Authority maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Basic Financial Statements

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Unearned Revenue

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

Long-term liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The Authority's long-term liabilities consist primarily of notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources net of the applicable premium or discount and payment of principal and interest as expenditures. For fund reporting, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

The Airport Authority paid off its long-term debt during the fiscal year ending December 31, 2018. Interest expense of \$423 was charged to the general government activities function in the government-wide financial statement.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Basic Financial Statements

Equity Classifications

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

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

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Airport Authority is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Non-spendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The Airport Authority's non-spendable fund balance includes inventory.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, donors, creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- c. Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal legislative action of the Board of Commissioners and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an ordinance by the Board of Commissioners.

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Basic Financial Statements

- d. Assigned includes fund balance amounts that are constrained by the Airport Authority's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Airport Authority's Secretary-Treasurer with the approval of a resolution by the Board of Commissioners.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

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

E. Revenues, Expenditures, and Expenses

Revenues

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

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

Expenditures/Expenses

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Basic Financial Statements

F. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among other. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

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

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Airport Authority's deposits may not be recovered, or the Airport Authority will not be able to recover the collateral securities that are in the possession of an outside party. The Airport Authority does not have a policy for custodial risk; however, under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2018 totaling \$74,005 were fully insured and not exposed to custodial credit risk.

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Basic Financial Statements

(3) Capital assets

Capital asset activity was as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Capital assets not being depreciated:				
Land	\$ 37,045	\$ -	\$ -	\$ 37,045
Construction in progress	340,284	25,762	339,294	26,752
Other capital assets:				
Buildings and improvements	890,337	61,361	-	951,698
Equipment, furniture, and fixtures	112,004	-	-	112,004
Infrastructure	<u>4,243,647</u>	<u>1,361,270</u>	<u>-</u>	<u>5,604,917</u>
Total	<u>5,623,317</u>	<u>1,448,393</u>	<u>339,294</u>	<u>6,732,416</u>
Less accumulated depreciation:				
Buildings and improvements	173,434	30,248	-	203,682
Equipment, furniture, and fixtures	75,689	6,423	-	82,112
Infrastructure	<u>771,307</u>	<u>147,548</u>	<u>-</u>	<u>918,855</u>
Total	<u>1,020,430</u>	<u>184,219</u>	<u>-</u>	<u>1,204,649</u>
Capital assets, net	<u>\$ 4,602,887</u>	<u>\$ 1,264,174</u>	<u>\$ 339,294</u>	<u>\$ 5,527,767</u>

Depreciation expense of \$184,219 was charged to the general government function.

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

The Airport Authority's Chairman, Rene Borrel, was not compensated during the year ended December 31, 2018.

(5) Board of Commissioners

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

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

Board members serve with no compensation.

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Basic Financial Statements

(6) Risk Management

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

(7) Commitments and Contingencies

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

(8) Litigation

There was no litigation pending against the Avoyelles Parish Airport Authority at December 31, 2018.

**REQUIRED
SUPPLEMENTARY INFORMATION**

AVOYELLES PARISH AIRPORT AUTHORITY
 Marksville, Louisiana
 General Fund

Budgetary Comparison Schedule
 Year Ended December 31, 2018

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Intergovernmental -				
Federal grants	\$ 963,885	\$ 886,617	\$ 941,340	\$ 54,723
State grants	271,770	175,496	201,693	26,197
Local contribution - City of Marksville	4,000	5,000	4,000	(1,000)
State revenue sharing	15,000	14,497	14,497	-
Charges for services:				
Fuel sales	30,000	23,433	26,785	3,352
Rental income	35,000	30,741	30,960	219
Interest income	260	211	211	-
Other	6,550	5,615	2,781	(2,834)
Total revenues	<u>1,326,465</u>	<u>1,141,610</u>	<u>1,222,267</u>	<u>80,657</u>
Expenditures:				
Current -				
General government:				
Contract labor	17,000	15,382	14,983	399
Dues & subscriptions	300	286	286	-
Insurance	4,000	6,615	6,615	-
Professional fees	5,800	9,350	9,350	-
Repairs & maintenance	6,000	6,035	7,810	(1,775)
Fuel	26,500	21,365	21,873	(508)
Supplies	800	863	1,106	(243)
Utilities	10,200	10,338	9,797	541
Miscellaneous	1,425	2,010	2,098	(88)
Capital outlay	1,246,246	1,083,471	1,139,769	(56,298)
Debt service:				
Principle	-	20,590	20,590	-
Interest and fiscal charges	-	423	423	-
Total expenditures	<u>1,318,271</u>	<u>1,176,728</u>	<u>1,234,700</u>	<u>(57,972)</u>
Excess (deficiency) of revenues over expenditures	8,194	(35,118)	(12,433)	22,685
Fund balance, beginning	<u>91,067</u>	<u>91,067</u>	<u>91,067</u>	<u>-</u>
Fund balance, ending	<u>\$ 99,261</u>	<u>\$ 55,949</u>	<u>\$ 78,634</u>	<u>\$ 22,685</u>

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

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

(2) Excess of Expenditures over Appropriations

For the year ended December 31, 2018, the General Fund incurred expenditures in excess of appropriations.

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

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Avoyelles Parish Airport Authority (the Airport Authority), a component unit of the Avoyelles Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Airport Authority's basic financial statements and have issued our report thereon dated June 19, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify items 2018-001 and 2018-002 described in the accompany schedule of findings and questioned costs that we consider to be significant deficiencies.

Compliance and Other Matters

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

Avoyelles Parish Airport Authority's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 19, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Avoyelles Parish Airport Authority's (the Airport Authority), a component unit of the Avoyelles Parish Police Jury, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Airport Authority's major federal program for the year ended December 31, 2018. The Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Airport Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Airport Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Avoyelles Parish Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 19, 2019

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

<u>Federal Grantor Program Name</u>	<u>CFDA Number</u>	<u>Expenditures</u>
United States Department of Transportation Direct Program - Airport Improvement Program	20.106	<u>\$ 941,340</u>

The accompanying notes are an integral part of this schedule.

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Notes to Schedule of Expenditure of Federal Awards

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of the Avoyelles Parish Airport Authority (the Airport Authority). The Airport Authority's reporting entity is defined in Note 1 to the basic financial statements for the year ended December 31, 2018. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Airport Authority's financial statements.

(3) Indirect Cost Rate

The Airport Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Schedule of Findings and Questioned Costs
Year-Ended December 31, 2018

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on the financial statements of the governmental activities, and each major fund of the Avoyelles Parish Airport Authority.
2. Two significant deficiencies in internal control were disclosed by the audit of the basic financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the Avoyelles Parish Airport Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed by the audit.
4. No significant deficiencies in internal control over the major program were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award program for the Avoyelles Parish Airport Authority expresses an unmodified opinion.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The major program tested was:

United States Department of Transportation:
Federal Aviation Administration,
Airport Improvement Program, CFDA 20.106.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The Avoyelles Parish Airport Authority did not qualify as a low-risk auditee.

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Schedule of Findings and Questioned Costs
Year-Ended December 31, 2018

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

See internal control findings 2018-001 and 2018-002 on the schedule of current and prior year audit findings and management's corrective action plan.

B. Compliance Findings –

There were no compliance findings.

Part III. Findings and questioned costs for Major Federal awards in accordance with 2 CFR section 200 of the Uniform Guidance:

There are no findings to be reported under this section.

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year-Ended December 31, 2018

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

A. Internal Control Over Financial Reporting

2018-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2015

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

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

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

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

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

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

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

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year-Ended December 31, 2018

2018-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

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

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

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

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

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

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

B. Compliance

There are no compliance findings.

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year-Ended December 31, 2018

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

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

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

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

CURRENT STATUS: Unresolved. See item 2018-001.

2017-002 Inadequate Segregation of Functions

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

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

CURRENT STATUS: Unresolved. See item 2018-002.

C. Compliance

2017-003 Approval of State Bond Commission

Fiscal year finding initially occurred: 2017

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

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

CURRENT STATUS: Upon the advice of bond counsel, the Authority applied to the State Bond Commission for ratification and approval of the bank loan and repaid the loan in during the year ended December 31, 2018. Resolved.

AVOYELLES PARISH AIRPORT AUTHORITY
Marksville, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year-Ended December 31, 2018

2017-004 Budget Variance

Fiscal year finding initially occurred: 2017

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

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

CURRENT STATUS: Management and the Board monitored the revenue collections of the Airport in comparison to its approved budget throughout the year and made the necessary amendments to the budget in order to be in compliance with state statutes. Resolved.

Avoyelles Parish Airport Authority

Marksville Municipal Airport P.O. Box 482 Marksville, LA 71351

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

*Laura D. Gaspard, Secretary/Treasurer
318-240-3088
Alvin Moreau, Airport Manager
318-447-3197*

Avoyelles Parish Airport Authority respectfully submits the following corrective action plan for the year ended December 31, 2018.

Audit conducted by:

Kolder, Slaven & Company, LLC
1428 Metro Drive
Alexandria, LA 71301

Audit Period: Fiscal year ended December 31, 2018

The findings from the December 31, 2018 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedules.

FINDING - FINANCIAL AUDIT

Significant Deficiency

2018-001 RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

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

2018-002 RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

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

If there are questions regarding the plan, please call Laura D. Gaspard, Secretary/Treasurer at 318-240-3088.

Sincerely,

Laura D. Gaspard
Secretary/Treasurer

AVOUELLES AIRPORT AUTHORITY
Marksville, Louisiana

Agreed-Upon Procedures Report

Period Ended December 31, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Avoyelles Airport Authority and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Avoyelles Airport Authority (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. 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 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 obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- c) For governmental entities, we obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

- 4. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Traced the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
 - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
 - a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:
 - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Credit/Debit/Fuel Cards, Contracts, and Payroll and Personnel.

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

Written Policies:

The Avoyelles Airport Authority does not have written policies and procedures addressing budgeting, purchasing, disbursements, receipts, payroll processing, review and approval of time and attendance records, contracting, credit cards, travel and expense reimbursement, ethics, and debt service.

Board:

Minutes for the Avoyelles Airport Authority made no reference to monthly budget-to-actual comparisons for the General Fund for 7 of the 9 meetings held during the year. The Avoyelles Airport Authority was unable to meet with a quorum for 3 meetings during the year.

Cash Collections:

The person responsible for collecting cash for the Avoyelles Airport Authority is also responsible for preparing the deposit slip, depositing the cash, recording the deposit into the general ledger, and

reconciling the bank statement. The chairman reviews the bank reconciliation and bank statement each month.

Disbursements:

The Avoyelles Airport Authority does not have a purchase order or requisition system in place for disbursements that separates the initiation of a purchase from approval.

The Avoyelles Airport Authority does not have a written policy in place prohibiting the person responsible for processing disbursements from adding vendors to the disbursement system.

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

Travel:

2 of the 5 reimbursements tested for the Avoyelles Airport Authority were not reviewed and approved in writing by someone other than the person receiving the reimbursement.

The Avoyelles Airport Authority does not have written policies in place for travel reimbursements, therefore, we were unable to test compliance with this policy.

Ethics:

The Avoyelles Airport Authority did not maintain documentation to demonstrate that the required ethics training was complete for 2 of the 5 individuals tested.

The Avoyelles Airport Authority does not have written policies on ethics; therefore, we were unable to test employees for documentation that the ethics policies have been reviewed.

Management's Response:

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

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 19, 2019