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NORTHWEST LOUISIANA COUNCIL

OF GOVERNMENTS

SHREVEPORT, LOUISIANA

JUNE 30, 1999

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Release Date 6.2.1999

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

August 26, 1999

Northwest Louisiana Council of Governments
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying general-purpose financial statements of Northwest Louisiana Council of Governments, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Northwest Louisiana Council of Governments, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 1999 on our consideration of the Council's internal control structure and on its compliance with laws and regulations.

Heard, McElroy & Vestal, LLP

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1999

<u>A S S E T S</u>	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
Cash-Note 10	105,355	-	105,355
Federal grant receivables	56,901	-	56,901
Local grant receivables-Note 7	24,274	-	24,274
Prepaid expenses	1,461	-	1,461
Other assets	1,614	-	1,614
General fixed assets-Note 5	-	197,248	197,248
Less-accumulated depreciation	-	<u>(141,079)</u>	<u>(141,079)</u>
 Total assets	 <u>189,605</u>	 <u>56,169</u>	 <u>245,774</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Accounts payable	2,195	-	2,195
Accrued compensated absences-Note 3	14,734	-	14,734
Total liabilities	<u>16,929</u>	-	<u>16,929</u>
 <u>Fund equity:</u>			
Fund balance-unreserved	172,676	-	172,676
Investment in general fixed assets	-	56,169	56,169
Total fund equity	<u>172,676</u>	<u>56,169</u>	<u>228,845</u>
 Total liabilities and fund equity	 <u>189,605</u>	 <u>56,169</u>	 <u>245,774</u>

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

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE-GOVERNMENTAL FUND TYPE

FOR THE YEAR ENDED JUNE 30, 1999

	<u>General Fund</u>
<u>Revenues:</u>	
Federal grants	239,491
State and local grants	227,043
Interest and miscellaneous	<u>1,316</u>
Total revenues	467,850
<u>Expenditures:</u>	
Direct grant cost	180,641
Indirect grant cost-Note 6	209,715
Nonproject cost	<u>10,551</u>
Total expenditures	<u>400,907</u>
<u>Excess of revenues over expenditures</u>	66,943
<u>Transfers-fixed assets purchased by general fund, net of depreciation and book value of assets disposed</u>	(12,648)
<u>Fund balance at beginning of year</u>	<u>118,381</u>
<u>Fund balance at end of year</u>	<u>172,676</u>

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

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1999

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Federal grants	342,692	239,491	(103,201)
State and local grants	284,991	227,043	(57,948)
Interest and miscellaneous	-	1,316	1,316
Total revenues	627,683	467,850	(159,833)
<u>Expenditures:</u>			
Direct grant cost	282,000	180,641	101,359
Indirect grant cost	340,683	209,715	130,968
Nonproject cost	5,000	10,551	(5,551)
Total expenditures	627,683	400,907	226,776
<u>Excess of revenues over expenditures</u>	-	66,943	66,943
<u>Transfers-fixed assets purchased by general fund, net of depreciation and book value of assets disposed</u>		(12,648)	
<u>Fund balance at beginning of year</u>		118,381	
<u>Fund balance at end of year</u>		172,676	

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

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999

1. Financial Reporting Entity

Northwest Louisiana Council of Governments (NLCOG) (formerly Shreve Area Council of Governments) was established October 25, 1966, under the authority of Louisiana R.S. 33:1321, et seq. under the pertinent section termed Intergovernmental Relations. The cities of Shreveport, Bossier City, and Minden, and the Parishes of Caddo, Bossier and Webster enacted resolutions authorizing the establishment of NLCOG under the referenced statutes. During the current year, NLCOG, as a metropolitan planning organization, received funding from various federal, state and local grants as further outlined below.

Louisiana Department of Transportation and Development (No. 736-09-0117) Federal Aid Project No. PL-0011(022), contract for Metropolitan Planning, Shreveport Urbanized Area, awarded July 1, 1998, in the amount of \$342,990 of which the maximum federal share comprises \$274,392. Eighty percent (80.00%) of the project is federally funded with the remaining twenty percent (20.00%) being funded through local monies.

Louisiana Department of Transportation and Development (No. 736-09-0111) FTA Project No. LA-80-X005, contract for Regional Planning, Shreveport Urbanized Area, awarded July 1, 1996, in the amount of \$38,500 of which the maximum federal share comprises \$30,800. Eighty percent (80.00%) of the project is federally funded with the remaining twenty percent (20.00%) being funded through local monies.

Louisiana Department of Transportation and Development (No. 736-09-0112) FTA Project No. LA-80-X006, contract for Regional Planning, Shreveport Urbanized Area, awarded July 1, 1997, in the amount of \$38,500 of which the maximum federal share comprises \$30,800. Eighty percent (80.00%) of the project is federally funded with the remaining twenty percent (20.00%) being funded through local monies.

Louisiana Department of Transportation and Development (No. 736-09-0118) FTA Project No. LA-80-X007, contract for Regional Planning, Shreveport Urbanized Area, awarded July 1, 1998, in the amount of \$38,500 of which the maximum federal share comprises \$30,800. Eighty percent (80.00%) of the project is federally funded with the remaining twenty percent (20.00%) being funded through local monies.

Shreveport Transit Authority, funding for the support of transit planning projects, in the approximate amount of \$40,000. Eighty percent (80.00%) of the project is federally funded with the remaining twenty percent (20.00%) being funded through local monies.

Local participation of the City of Shreveport, Caddo Parish Tax Assessor, Caddo Parish Communications District No. 1, and Shreveport/Caddo Metropolitan Planning Commission in a contract to develop and maintain a regional geographic information system for the creation of a digital map for Caddo Parish and the City of Shreveport. This project is funded predominantly with local monies.

2. Summary of Significant Accounting Policies

a. Fund Accounting

The accounts of NLCOG are organized on the basis of a general fund and a fixed asset account group. The operations of NLCOG are accounted for with a set of self-balancing accounts that comprise assets, liabilities, fund equity, revenues and expenditures. There is one generic fund type categorized as follows:

General Fund - The General Fund is the general operating fund of the Council, and is used to account for all financial resources.

b. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. All fixed assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Depreciation is provided on the general fixed assets and charged to the grants in accordance with OMB Circular A-87.

c. Prepaid Expenses

Expenditures for insurance and similar services that extend over more than one accounting period are capitalized and expensed as consumed.

d. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

e. Budgets and Budgetary Accounting

Budgets for NLCOG are prepared by the Executive Director as part of the Unified Planning Work Program (UPWP). The budget is then ratified by the Council. UPWP planning activities encompass a time frame of twelve months starting July 1, 1998, and ending June 30, 1999. These activities outline the joint efforts required of the Louisiana Department of Transportation and Development, NLCOG, the Cities of Shreveport and Bossier, the Parishes of Caddo and Bossier, the Shreveport and Bossier City MPC's, Shreveport Mass Transit Personnel and affected agencies.

Budgets approved as conditions of the grants fall under the guidelines of the contractual requirements of those various grants. Budget revisions are approved by grantor agencies as required.

f. Presentation of Totals

Total of funds and account groups are presented for informational purposes, but are captioned "Memorandum Only" because they are not intended to be the equivalent of a consolidation.

3. Compensated Absences

Accumulated annual leave is accrued when incurred in the general fund.

Employees accrue annual leave under the following schedule:

<u>Employee Length of Service</u>	<u>Annual Leave Accrual</u>
Less than one year	.83 days per month
From one year to ten years	1.25 days per month
Ten years or more	1.67 days per month

A maximum of fifteen days of accrued unused annual leave may be carried forward to the succeeding fiscal year.

Sick leave is granted at the rate of .83 days per month for full-time regular service or, in the case of part-time employment, at the proportionate rate as determined by comparing the employee's standard workweek to 40 hours. Sick leave is accrued up to a maximum of twenty days per year.

4. Pension Plan

Northwest Louisiana Council of Governments contributes to the NLCOG Employees Retirement Plan which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments on those contributions. As established by the pension plan agreement, each employee in active service is eligible to participate in the pension plan within three months from the entrance date on which he first becomes eligible to become a participant. Contributions made by an employee vest immediately and contributions made by the Council vest fully after six years of service. An employee who leaves the employment of the Council is entitled to his contribution plan accrued interest thereon, in addition to funds contributed by the Council, in accordance with the following vesting schedule:

<u>Years of Service</u>	<u>Participant's Vested Interest</u>
2	20%
3	40%
4	60%
5	80%
6	100%

Each employee is required to contribute 9% of his earnings to the pension plan. The Council is required to contribute an amount equal to 9% of the employee's gross earnings.

During the year, the Council's required and actual contributions amounted to \$13,492 which was 9% of its current year covered payroll of \$197,000, after allowing for \$4,213 credited to employer contributions from plan forfeitures. Employee's required and actual contributions also amounted to \$13,492.

No pension provision changes occurred during the year that affected the required contributions to be made by the Council or its employees.

4. Pension Plan (Continued)

The pension plan held no securities of the Council or other related parties during the year or as of the close of the fiscal year.

5. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

Balance July 1, 1998	160,786
Additions	39,364
Retirements or dispositions	<u>(2,902)</u>
Balance June 30, 1999	<u>197,248</u>

Depreciation is recorded in the general fixed asset group of accounts, as it constitutes a component of indirect costs. Fixed assets consist of office furniture and equipment, and are depreciated under the straight-line method over estimated useful lives of three to seven years.

6. Cost Allocation Method

Costs are allocated to NLCOG's grants pursuant to a method of allocation as required by Office of Management and Budget Circulars A-87 and A-102. Indirect costs and fringe benefits were applied to the grants during the year, under a provisional rate of 113.63% of direct labor. As a result of the audit, the actual indirect and fringe rate was adjusted to 122.99% and applied to the grant costs.

7. Local Support

Local supporting governments provide cash or in-kind services in fulfilling the matching requirements of federal and state grants. Local supporting governments are billed for support in accordance with amounts established by the annual budget.

8. Members of Governing Board-Compensation

During the audit period no compensation or per diem was paid to any member of the governing board by NLCOG.

9. Operating Leases

Northwest Louisiana Council of Governments has one operating lease on the space that it occupies. The lease commenced on April 22, 1994, for a term of three years. Payments under the lease approximate \$1,650 per month. Subsequent to June 30, 1997, this lease was extended for an additional five year term at a monthly rent of \$1,729. Total rent expense incurred by the Council for the fiscal year ending June 30, 1999, amounted to \$20,753. Future minimum annual rent payments under this lease at June 30, 1999 are:

2000	20,753
2001	20,753
2002	20,753
2003	5,188
2004	<u>-</u>
	<u>67,447</u>

10. Cash

Cash deposits (bank balances) with financial institutions amounted to \$123,685 at June 30, 1999, and are fully insured by deposit insurance. Cash balances include \$60,000 in certificates of deposit, with maturities of one month or less.

11. Year 2000 Disclosures (UNAUDITED)

The Council has addressed Year 2000 issues relating to its computer systems and other electronic equipment that are considered mission-critical. Generally, these include the accounting system and the design system the Council uses in performing its work. These systems have been subjected to the four stages of work, as defined by GASB Technical Bulletin 98-1, necessary to achieve Year 2000-compliance. Such stages of work are defined as awareness, assessment, remediation, and validation/testing. Both the accounting system and the design system are in the validation/testing phase. However, there can be no assurance that, even with completion of all four stages of work, that the Council's systems will be fully Year 2000-compliant under all circumstances.

SUPPLEMENTARY INFORMATION

August 26, 1999

Northwest Louisiana Council of Governments
Shreveport, Louisiana

Independent Auditor's Report on Supplementary Information

We have audited the general-purpose financial statements of Northwest Louisiana Council of Governments, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 26, 1999. These general-purpose financial statements are the responsibility of the Northwest Louisiana Council of Government's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of Northwest Louisiana Council of Governments taken as a whole. The accompanying supplementary information on Pages 10 through 11 is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Heard, McElroy & Vestal, LLP

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES AND EXPENDITURES BY PROJECT
FOR THE YEAR ENDED JUNE 30, 1999

	<u>FHWA</u> <u>736-09-0117</u>	<u>FTA</u> <u>LA-80-X005</u>	<u>FTA</u> <u>LA-80-X006</u>	<u>FTA</u> <u>LA-80-X007</u>	<u>SporTran</u>
<u>Revenues:</u>					
Federal grant	182,557	4,774	6,756	16,837	28,567
State and local grant	45,640	1,194	1,726	4,209	-
Interest and other	-	-	-	-	-
Total revenues	<u>228,197</u>	<u>5,968</u>	<u>8,482</u>	<u>21,046</u>	<u>28,567</u>
Direct labor	102,336	-	2,007	9,438	13,372
Indirect costs	125,861	-	2,468	11,608	16,446
Nonproject costs	-	-	-	-	-
Other	-	5,968	4,157	-	-
Total expenditures	<u>228,197</u>	<u>5,968</u>	<u>8,632</u>	<u>21,046</u>	<u>29,818</u>
<u>Excess (deficiency) of revenues</u> <u>over expenditures</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>(1,251)</u>

<u>Regional Geographic Information System</u>	<u>Cross Lake Watershed Project</u>	<u>Non- Project Specific</u>	<u>Total</u>
-	-	-	239,491
144,274	25,000	5,000	227,043
-	-	<u>1,316</u>	<u>1,316</u>
<u>144,274</u>	<u>25,000</u>	<u>6,316</u>	<u>467,850</u>
43,213	150	-	170,516
53,147	185	-	209,715
-	-	10,551	10,551
-	-	-	<u>10,125</u>
<u>96,360</u>	<u>335</u>	<u>10,551</u>	<u>400,907</u>
<u>47,914</u>	<u>24,665</u>	<u>(4,235)</u>	<u>66,943</u>

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

COMPUTATION OF INDIRECT COST RATE

FOR THE YEAR ENDED JUNE 30, 1999

<u>Indirect costs:</u>	
Telephone	3,186
Postage	918
Building rent	25,433
Supplies	8,435
Travel and education	23,518
Professional fees	11,089
Bonding and insurance	1,003
Equipment maintenance	8,591
Dues and publications	2,577
Printing	2,821
Depreciation	24,819
Advertising	680
Vacation	12,773
Holidays	12,994
Sick leave	10,325
Salaries	28,908
Retirement	13,492
Health insurance	16,115
Payroll taxes	188
Workman's comp insurance	<u>1,850</u>
Total	<u>209,715</u>

	<u>Direct</u> <u>Labor</u>	<u>Actual</u> <u>Indirect</u> <u>Cost</u>	<u>Actual</u> <u>Indirect</u> <u>Rate</u>
FHWA 736-09-0117	102,336	125,861	
FTA LA-80-X006	2,007	2,468	
FTA LA-80-X007	9,438	11,608	
SporTran	13,372	16,446	
Nonproject	<u>43,363</u>	<u>53,332</u>	
	<u>170,516</u>	<u>209,715</u>	<u>122.99%</u>

OTHER REPORTS

August 26, 1999

Northwest Louisiana Council of Governments
Shreveport, Louisiana

Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

We have audited the general-purpose financial statements of Northwest Louisiana Council of Governments as of and for the year ended June 30, 1999, and have issued our report thereon dated August 26, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Council's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Ventral, LLC

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 1999

We have audited the financial statements of Northwest Louisiana Council of Governments as of and for the year ended June 30, 1999, and have issued our report thereon dated August 26, 1999. We conducted our audit in accordance with generally accepted auditing standards 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, 1999 resulted in an unqualified opinion.

Section I-Summary of Auditor's Reports

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

Internal Control - No reportable conditions were noted; no management letter was issued.

Compliance - no material noncompliance was noted.

b. Federal Awards - Not Applicable

c. Identification of Major Programs - Not Applicable

Section II-Financial Statement Findings

None

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 1999

Section I-Financial Statement Findings

- 98-1. No procedures in place by the Council to monitor the amount of cash on deposit in financial institutions. This condition was resolved.
- 98-2. Audited financial statements were not submitted to the Office of the Legislative Auditor within six months of the end of the fiscal year. This condition was resolved.