

NORTHERN LOUISIANA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 1977

- 97-1. Our audit procedures disclosed that the Council has no procedure in place to monitor the amount of cash on deposit in financial institutions. Consequently, the Council runs the risk of having a greater amount on deposit than is protected by FDIC insurance. We noted eighteen instances during the year under audit where amounts on deposit in the bank exceeded the \$100,000 limit of insurance. We recommend that management begin a program of reviewing daily the balance kept in the bank, and that excess amounts be secured by a bank pledge of U. S. Government Securities.
- 97-2. We have noted that the Council's operations continue to grow and expand. This growth and expansion makes additional demands on the accounting staff for accurate, dependable and timely financial information. Currently, the Council employs an administrative assistant who must handle all accounting and secretarial duties. We believe, with management's concurrence, that the accounting load for this individual is becoming overwhelming, as evidenced by the numerous audit adjustments required to properly adjust and classify all grant costs and related billings. We strongly support management's present search for an additional employee to assume the Council's accounting duties.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not induce to 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider Item IT-2 to be a material weakness.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Richard M. Ebelly & Associates, LLC*



## OTHER REPORTS

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

COMPILED LIST OF INDIRECT COST RATE

FOR THE YEAR ENDED JUNE 30, 1993

Indirect costs:	
Telephone	4,369
Check processing	633
Postage	977
Building rent	23,729
Supplies	3,963
Travel and education	10,663
Professional fees	12,998
Bonding and insurance	2,608
Equipment maintenance	2,267
Discs and publications	3,678
Publication sales	(1,745)
Printing	2,036
Depreciation	19,872
Advertising	181
Vacation	15,169
Holidays	10,638
Sick leave	8,773
Retirement	20,426
Health insurance	14,288
Payroll taxes	1,378
Workman's comp insurance	1,338
Total	<u>161,618</u>

	Direct Labor	Actual Indirect Cost	Actual Indirect Rate
HDWA 795-08-0189	138,590	92,643	
ITA LA-88-0085	18,253	14,371	
ITA LA-88-0084	581	768	
SPORTSMAN	21,853	17,281	
Nonproject	<u>37,380</u>	<u>36,783</u>	
	<u>161,657</u>	<u>161,618</u>	<u>100%</u>

FTA LA-88-0002	FTA LA-88-0008	Non- Project	Total
7,668	5,196	-	241,308
1,936	1,999	-	239,984
<u>-</u>	<u>-</u>	<u>1,285</u>	<u>1,785</u>
9,604	6,485	1,285	413,083
-	991	-	197,063
-	-	-	143,687
-	708	-	951,648
9,584	3,856	-	28,507
<u>-</u>	<u>-</u>	<u>6,715</u>	<u>6,715</u>
9,584	3,856	6,715	219,172
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>13,149</u>	<u>13,989</u>	<u>614,472</u>

December 18, 1997

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, 1997, and have issued our report thereon dated December 18, 1997. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatements. 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 18 through 11 is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. The information in these 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*

SUPPLEMENTARY INFORMATION



3. Changes in General Fixed Assets (Continued)

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.

4. Cost Allocation Method

Costs are allocated to MLCOG'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, generally under provisional rates of 62.80% of direct labor. As a result of the audit, the actual indirect and fringe rate was adjusted to 82.80% 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 held for support deficiencies and excess support funds are returned upon completion and acceptance of the audit.

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 MLCOG.

9. Operating Lease

Northwest Louisiana Council of Governments has one operating lease on the square 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. Total rent expense incurred by the Council for the fiscal year ending June 30, 1996, amounted to \$19,815. Subsequent to June 30, 1997, this lease was extended for an additional five year term at a monthly rent of \$1,729.

10. Cash

Cash deposits (bank balances) with financial institutions amounted to \$88,915 at June 30, 1997, and generally are fully insured by deposit insurance. However, at various times during the year such amounts exceeded deposit insurance and were not protected by pledged securities of the financial institution. The maximum unprotected amount was \$58,500.

3. Accrued Absences (Continued)

A maximum of 80 days of accrued 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 48 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 NLECOG Employees Retirement Plan which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits to retiree the 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 these 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 start immediately and contributions made by the Council start fully after six years of service. An employee who leaves the employment of the Council is entitled to his contribution plus 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	33%
4	50%
5	66%
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 \$10,435 which was 9% of its current year covered payroll of \$121,080. Employees' required and actual contributions amounted to \$18,426 which was 9% of the Council's current year covered payroll.

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

The pension plan had no accretions 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, 1986	126,226
Additions	12,368
Retirements	-
Balance June 30, 1987	<u>138,594</u>

### 2. Summary of Significant Accounting Policies (Continued)

#### a. Fixed Assets

Fixed assets used in governmental fund type operations (General Fixed assets) are accounted for in the General Fixed Asset 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 flow applied.

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

#### e. Budget and Budgetary Accounting

Budgets for NLOOG 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, 1997, and ending June 30, 1997. These activities outline the joint efforts required of the Louisiana Department of Transportation and Development, NLOOG, the Cities of Shreveport and Bossier, the Parish of Calde and Bossier, the Shreveport and Bossier City MP's, Shreveport Mass Transit Personnel and affiliated 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 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. Governmental Allocations

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

Employees accrue annual leave under the following schedule:

Employee Length of Service	Annual Leave Accrual
Less than one year	30 days per month
From one year to ten years	5.25 days per month
Ten years or more	6.67 days per month

# NORTHERN LOUISIANA COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1997

### 1. Financial Reporting Entity

Northern Louisiana Council of Governments (MLCOG) (formerly Shreve Area Council of Governments) was established October 25, 1966, under the authority of Louisiana R.S. 35:1311, et seq. under the previous section termed Intergovernmental Relations. The cities of Shreveport, Bossier City, and Minden, and the Parish of Caddo, Bossier and Webster enacted resolutions authorizing the establishment of MLCOG under the referenced statute. During the current year, MLCOG, as a metropolitan planning organization, received funding from various federal, state and local planning grants as further outlined below.

Louisiana Department of Transportation and Development (No. 745-09-0100) Federal Aid Project No. FL-0011(02), contract for Metropolitan Planning, Shreveport Urbanized Area, awarded July 1, 1996, in the amount of \$750,000 of which the maximum federal share comprises \$390,000. 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. 716-09-0111) FTA Project No. LA-80-0005, 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.

Shreveport Transit Authority, funding for the support of transit planning projects, in the approximate amount of \$10,000. 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 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 MLCOG are organized on the basis of a general fund and a fixed asset account group. The operations of MLCOG 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.

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE-HOUSING MARKET BASES AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 1987

	General Fund		Variance Favorable Disadvantage
	Budget	Actual	
<b>Revenues:</b>			
Federal grants	265,000	241,308	(24,494)
State and local grants	247,084	232,388	(14,696)
Interest and miscellaneous	-	1,200	1,200
Total revenues	<u>512,084</u>	<u>474,896</u>	<u>(37,188)</u>
<b>Expenditures:</b>			
Direct grant cost	378,654	363,947	14,707
Indirect grant cost	123,850	141,648	(17,798)
Nonproject cost	2,800	6,735	(3,935)
Total expenditures	<u>505,304</u>	<u>512,330</u>	<u>(6,702)</u>
Excess (deficiency) of revenues over expenditures	-	(7,434)	<u>(7,434)</u>
Transfer fund assets purchased by general fund, net of depreciation		1,304	
Fund balance at beginning of year		<u>46,702</u>	
Fund balance at end of year		<u>\$39</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  
 BALANCES-GOVERNMENTAL FUND TYPE  
 FOR THE YEAR ENDED JUNE 30, 1987

	<u>Amount</u> <u>in Dollars</u>
<b>Revenues:</b>	
Federal grants	741,386
State and local grants	233,381
Interest and miscellaneous	1,208
Total revenues	<u>975,975</u>
<b>Expenditures:</b>	
Direct grant cost	368,847
Indirect grant cost (State & Local)	161,648
Nonproject cost	6,735
Total expenditures	<u>537,230</u>
Excess (deficiency) of revenues over expenditures	(341,471)
Transfer fixed assets purchased by general fund, net of depreciation	7,308
Fund balance at beginning of year	<u>46,787</u>
Fund balance at end of year	<u>12,624</u>

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

NORTHEAST LOUISIANA COUNCIL OF GOVERNMENTS

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2007

A.S.S.U.C.S.	Governmental	Account	Total Governmental Only
	Fund Type General Fund	Group General Fund Assets	
Cash-Note 10	30,898	-	31,898
Federal grant receivable	62,468	-	62,468
Local grant receivables-Note 7	31,835	-	31,835
Other receivables	17,407	-	17,407
Prepaid expenses	1,288	-	1,288
Other assets	1,654	-	1,654
General fixed assets-Note 5	-	138,504	138,504
Less-accumulated depreciation	-	(28,522)	(28,522)
<b>Total assets</b>	<b>147,363</b>	<b>43,588</b>	<b>191,171</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	111,584	-	111,584
Deferred grant revenue	30,588	-	30,588
Local grants payable	7,811	-	7,811
Accrued compensated absences-Note 3	(16,651)	-	(16,651)
<b>Total liabilities</b>	<b>140,302</b>	<b>-</b>	<b>140,302</b>
<b>Fund equity:</b>			
Fund balance-unreserved	594	-	594
Investment in general fixed assets	-	(43,588)	(43,588)
<b>Total fund equity</b>	<b>594</b>	<b>(43,588)</b>	<b>(43,588)</b>
<b>Total liabilities and fund equity</b>	<b>147,185</b>	<b>43,588</b>	<b>191,171</b>

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

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December 19, 1997

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, 1997, as listed in the title 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, 1997, 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 December 19, 1997 on our consideration of the Council's internal control structure and on its compliance with laws and regulations.

*Heard, McElroy & Vestal, LLP*

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**AUDITED FINANCIAL STATEMENTS**

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	Page
Independent Auditor's Report	1
Combined Balance Sheet	2
Statement of Revenues, Expenditures and Changes in Fund Balance	3
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	4
Notes to Financial Statements	5-8

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information	9
Schedule of Revenues and Expenditures by Program	10
Comparison of Indirect Cost Rate	11

OTHER REPORTS

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	12-13
Schedule of Findings and Questioned Costs	14

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**NORTHWEST LOUISIANA COUNCIL  
OF GOVERNMENTS  
SHREVEPORT, LOUISIANA  
JUNE 30, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-1-99