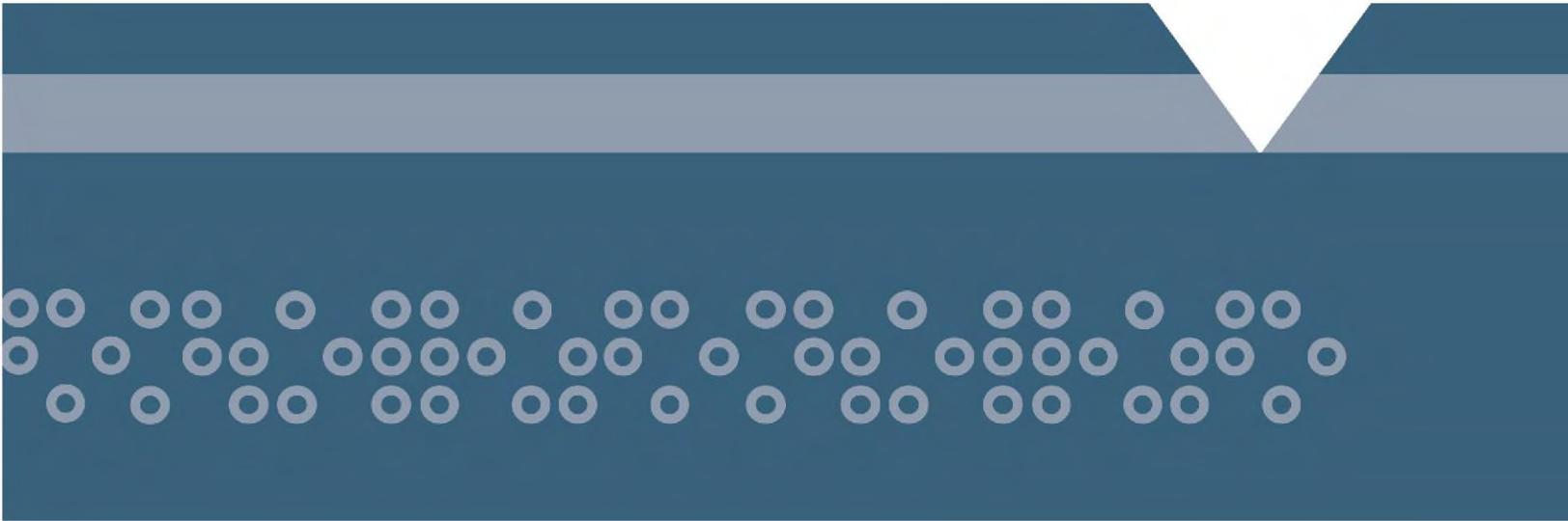


Northwest Louisiana Council of Governments
Shreveport, Louisiana

June 30, 2023



HMV
CERTIFIED PUBLIC
ACCOUNTANTS

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SHREVEPORT, LOUISIANA
TABLE OF CONTENTS

Management's Discussion and Analysis (Unaudited)	<u>Page</u> i-iii
--	----------------------

AUDITED FINANCIAL STATEMENTS

Independent Auditor's Report	1-3
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet	6
Statement of Revenues, Expenditures, and Changes in Fund Balance	7
Notes to Financial Statements	8-17

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION

Budgetary Comparison Schedule-General Fund (Unaudited)	18
--	----

SUPPLEMENTARY FINANCIAL INFORMATION

Schedule of Compensation, Benefits, and Other Payments to Agency Head	19
Schedule of Revenues and Expenditures by Project	20
Computation of Indirect Cost Rate	21
Schedule of Expenditures of Federal Awards	22
Notes to the Schedule of Expenditures of Federal Awards	23

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SHREVEPORT, LOUISIANA
TABLE OF CONTENTS

	<u>Page</u>
OTHER REPORTS	
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>	24-25
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	26-28
Schedule of Findings and Questioned Costs	29
Schedule of Prior Year Findings	30

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of Northwest Louisiana Council of Governments provides an overview of the Council's financial activities for the fiscal years ended June 30, 2023 and 2022. Please read it in conjunction with the Council's financial statements, which begin on Page 4.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 4 and 5) provide information about the activities of the Council as a whole. Fund financial statements start on Page 6. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds. The accompanying financial statements present information only on the funds maintained by the Council.

Reporting the Funds Maintained by the Council as a Whole

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Council as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting.

These two statements report the Council's *net position* and changes in it. The Council's net position - the difference between assets and liabilities - is one way to measure the Council's financial health, or *financial position*. Over time, *increases or decreases* in the Council's net position is one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we record the activities in the funds maintained by the Council as governmental activities:

Governmental activities - expenses related to, and resources provided for, regional and metropolitan transportation planning.

Reporting the Most Significant Funds Maintained by the Council

The fund financial statements provide detailed information about the funds maintained by the Council. The Council's funds use the following accounting approaches.

Governmental fund - All of the Council's expenses in transportation planning are reported in a governmental fund, which focuses on how money flows into and out of this fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called *modified accrual basis*. The governmental fund statements provide a detailed *short-term view* of the Council's operations and the expenses paid from the fund. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Council expenses. However, because the Council recovers the costs of depreciation and unpaid compensated absences, these statements also include capital assets and accrued compensated absences liabilities. Consequently, there are no differences between governmental activities (reported in the Statement of Net Position and the Statement of activities) and the governmental fund financial statements.

THE FUNDS MAINTAINED BY THE COUNCIL AS A WHOLE

The Council's total net position increased by \$81,148 during the year, from \$1,135,372 to \$1,216,520. This increase results mainly from a higher standard reimbursed overhead rate than the actual rate.

**Table 1
Net Position**

	Government-Wide Position	
	2023	2022
Current assets	\$ 1,616,296	\$ 1,265,347
Capital assets, net	47,605	60,821
Lease right of use assets, net	98,194	-
Total assets	1,762,095	1,326,168
Current liabilities	338,883	89,505
Lease liabilities	100,402	-
Total liabilities	439,285	89,505
Deferred inflow of resources	106,290	101,291
Total liabilities and deferred inflow of resources	545,575	190,796
Net position:		
Investment in capital and lease assets	145,799	60,821
Restricted	12,421	18,361
Unrestricted	1,058,300	1,056,190
Total net position	\$ 1,216,520	\$ 1,135,372

**Table 2
Change in Net Position**

	Government-Wide Activities	
	2023	2022
Revenues:		
Operating grants and support	\$ 2,370,354	\$ 1,642,008
Other	953	4,559
Total revenues	2,371,307	1,646,567
Expenses:		
General governmental-transportation planning	2,290,159	1,473,394
Increase in net assets	\$ 81,148	\$ 173,173

Expenses for general governmental planning reflect an increase of \$816,765 to a current year level of \$2,290,159, mainly as the result of a new Pictometry project and increases in operating expenses under FHWA and FTA projects. The increase in expenses also resulted in a commensurate increase in grant revenues.

CAPITAL ASSETS

At the end of 2023, the Council had invested \$47,605 in net capital assets from those funds maintained by the Council.

Table 3
Capital Assets at Year End

	Government-Wide Activities	
	2023	2022
Vehicle, furniture and equipment	\$ 203,202	\$ 192,778
<u>Less-accumulated depreciation</u>	<u>(155,597)</u>	<u>(131,957)</u>
	<u>\$ 47,605</u>	<u>\$ 60,821</u>
The years' major additions included:		
Equipment	\$ 10,424	\$ 9,081
	<u>\$ 10,424</u>	<u>\$ 9,081</u>

FUTURE OPERATIONS

The Council expects, in addition to its normal transportation planning, to continue to administer contracts for environmental and community impacts, totaling \$3 million, on the I-49 corridor between I-20 and I-220. The Council also anticipates for the next fiscal year continued funding in the administration of the environmental study for the LA 3132 Inner Loop Extension, continued work on environmental study of the I-49 Inner City Connector, and additional work under the Pictometry project. The Council will continue to develop the Transportation Improvement Plan and also will coordinate with the Louisiana Department of Transportation and Development and SporTran on the establishment of Transportation Performance Measures for the area as required by the Infrastructure Investment and Jobs Act.

The Council and the Coordinating and Development Corporation executed an agreement in December 2020 to merge CDC into the Council. The Council withdrew from this agreement during 2023.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the finances for those funds maintained by the Council and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Northwest Louisiana Council of Governments at 625 Texas Street, Suite 200, Shreveport, Louisiana 71101.

AUDITED FINANCIAL STATEMENTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

Board of Directors
Northwest Louisiana Council of Governments
Shreveport, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Northwest Louisiana Council of Governments as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

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 Northwest Louisiana Council of Governments, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Northwest Louisiana Council of Governments and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northwest Louisiana Council of Governments' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northwest Louisiana Council of Governments' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northwest Louisiana Council of Governments' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i – iii, and budgetary comparison information on page 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northwest Louisiana Council of Governments' basic financial statements. The accompanying information on pages 19-23 is presented for purposes of additional analysis 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 compensation and justice system reporting schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report, dated December 30, 2023, on our consideration of Northwest Louisiana Council of Governments' 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 the effectiveness of the Northwest Louisiana Council of Governments' 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 Northwest Louisiana Council of Governments' internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
December 30, 2023

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
<u>Assets:</u>	
Cash	\$ 1,187,422
Federal grant receivables	252,069
Other receivables	171,920
Other assets	4,885
Fixed assets, net of accumulated depreciation	47,605
Lease right of use assets, net of accumulated amortization	<u>98,194</u>
Total assets	1,762,095
<u>Liabilities:</u>	
Accounts payable	268,260
Accrued compensated absences	69,629
Other liabilities	994
Lease liabilities	<u>100,402</u>
Total liabilities	439,285
<u>Deferred inflow of resources</u>	<u>106,290</u>
Total liabilities and deferred inflow of resources	<u>545,575</u>
<u>Net position:</u>	
Investment in capital and lease assets, net	145,799
Restricted	12,421
Unrestricted	<u>1,058,300</u>
Total net position	<u>\$ 1,216,520</u>

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

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>
<u>Expenses:</u>	
Governmental activities:	
Transportation planning	\$ 2,290,159
Total expenses	<u>2,290,159</u>
<u>Program revenue:</u>	
Operating grants	<u>2,311,013</u>
<u>Net revenue:</u>	20,854
<u>General revenue:</u>	
General support	59,341
Interest and miscellaneous	<u>953</u>
Total general revenue	<u>60,294</u>
<u>Increase in net position</u>	81,148
<u>Net position at beginning of year</u>	<u>1,135,372</u>
<u>Net position at end of year</u>	<u>\$ 1,216,520</u>

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

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2023

	Governmental Fund Type
ASSETS	General Fund
Cash	\$ 1,187,422
Federal grant receivables	252,069
Other receivables	171,920
Other assets	4,885
Fixed assets, net of accumulated depreciation	47,605
Lease right of use assets, net of accumulated amortization	98,194
 Total assets	 \$ 1,762,095
LIABILITIES & FUND EQUITY	
<u>Liabilities:</u>	
Accounts payable	\$ 268,260
Accrued compensated absences	69,629
Other liabilities	994
Lease liabilities:	
Current	48,824
Noncurrent	51,578
Total liabilities	439,285
 <u>Deferred inflow of resources</u>	 106,290
 Total liabilities and deferred inflow of resources	 545,575
 <u>Fund equity:</u>	
Nonspendable	150,684
Restricted	12,421
Unassigned	1,053,415
Total fund equity	1,216,520
 Total liabilities and fund equity	 \$ 1,762,095

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 FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund
<u>Revenues:</u>	
Federal grants	\$ 1,859,409
State and local funds	510,945
Interest and miscellaneous	953
Total revenues	2,371,307
 <u>Expenditures:</u>	
Direct grant costs	615,029
Indirect grant costs	745,539
Other contract costs	918,347
Nonproject costs	11,244
Total expenditures	2,290,159
<u>Excess of revenues over expenditures</u>	81,148
<u>Fund balance at beginning of year</u>	1,135,372
<u>Fund balance at end of year</u>	\$ 1,216,520

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

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

1. Financial Reporting Entity

Northwest Louisiana Council of Governments (NLCOG) was established October 25, 1966 as Shreve Area Council of Governments, 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, DeSoto, and Webster enacted resolutions authorizing the establishment of NLCOG under the referenced statutes. During 2015, NLCOG was incorporated as a nonprofit corporation under applicable statutes in the State of Louisiana. However, its officers are elected by the public, or appointed by an elected official. NLCOG, as a metropolitan planning organization, received funding from various federal, state, and local grants as further outlined below.

Operating Funding

Louisiana Department of Transportation and Development (No. H.972462.1) Federal Aid Project No. H972462, contract for Metropolitan Planning, Shreveport Urbanized Area, effective July 1, 2022, in the amount of \$891,944 of which the maximum federal share comprises \$713,555. A maximum of eighty percent (80.00%) of the project is federally funded with the remainder being funded through local monies.

Louisiana Department of Transportation and Development (No. PL-80-09-21) FTA Section 5303, contract for Regional Planning, Shreveport Urbanized Area, effective July 1, 2020, in the amount of \$270,490 of which the maximum federal share comprises eighty percent (80.00%) (one hundred percent for up to \$30,000 for Regional Human Services Transportation Coordination services). The remainder is funded through local monies.

Louisiana Department of Transportation and Development (No. H.013799) Federal Aid Project No. H013799, contract for Regional Strategic Highway Safety Plan Implementation effective December 1, 2018 for five years, in the amount of \$1,388,208, all of which is federally funded.

Special Projects Funding

Louisiana Department of Transportation and Development (No. H.003915), contract for planning and feasibility study for I-49 from I-20 to I-220 in Caddo Parish, effective February 1, 2008, in the amount of \$6,000,000, funded by the State of Louisiana in the amount of \$3,375,000 and by the federal government in the amount of \$1,500,000.

Louisiana Department of Transportation and Development (No. H.009213) Federal Aid Project No. H009213, contract for Stage I environmental study for LA 3132 highway extension, in the amount of \$1,611,676 of which the maximum federal share comprises \$1,289,341. A maximum of eighty percent (80.00%) is federally funded, with the remainder being funded through the Louisiana Department of Transportation.

Louisiana Department of Transportation and Development (No. H.014969) Federal Aid Project No. H014969, contract to conduct a Northwest Louisiana Regional Aerial Photography project (Pictometry), in the amount of \$1,339,386 of which the maximum federal share comprises \$1,268,040. The remainder is funded by NLCOG local funds.

Cooperative agreement with the Coordinating and Development Corporation to support and implement activities for building regional watershed capacity under the Louisiana Watershed Initiative, in the amount of \$400,000, of which \$100,000 is funded by NLCOG.

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

2. Summary of Significant Accounting Policies

a. **Presentation of Statements:**

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The Council has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Council has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Council are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Council's overall financial position and results of operations.
- Governmental-Wide Financial statements prepared using full accrual accounting for all of the Council's activities.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

b. **Basic Financial Statements - Government-Wide Statements:**

The Council's basic financial statements include both Government-Wide (GWFS) (reporting the Council as a whole) and fund financial statements (FFS) (reporting the Council's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. The Council's functions and programs have been classified as governmental activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the Government-Wide financial statements do not include any of these activities or funds. The content and certain titles of the GWFS were changed upon the adoption by the Council of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets. The Council had no deferred outflows at June 30, 2023.

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Accordingly, the statement of net position presents information on all of the Council's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

In the Government-Wide Statement of Net Position, the governmental type activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net position is reported in three parts - investment in capital assets, net of related debt; restricted; and unrestricted. Investment in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted includes all other net assets that do not meet the definition of "restricted" or "investment in capital assets, net of related debt." The Council's policy is to use restricted resources first to finance its activities.

The GWFS reports both the gross and net cost of each of the Council's functions and significant programs. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

The Government-Wide Statements focus upon the Council's ability to sustain operations and the change in its net assets resulting from the current year's activities.

c. Basic Financial Statements - Fund Financial Statements:

The financial transactions of the Council are reported in individual funds in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements. The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

The following is a description of the governmental funds of the Council:

- **The General Fund** is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. It is the only fund on the Council's financial statements, and therefore the only major fund. It accounts for both the operating and special projects of the Council and includes noncurrent assets and liabilities because they affect certain indirect costs.

d. Measurement Focus and Basis of Accounting:

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

i. Accrual Basis - Government-Wide Financial Statements (GWFS):

The Statement of Net Position and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

ii. Modified Accrual Basis - Fund Financial Statements (FFS):

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., when they are both measurable and available.

e. Leases:

The Council adopted GASB Statement 87 in 2022, which outlines a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right of use asset, thereby enhancing the relevance and consistency of information about an entity's leasing activities. The lease liability is initially measured at the present value of the lease payments at the inception of the lease or adoption of the lease standard over the remaining term of the lease and is reduced by the portion of periodic lease payments that is not considered interest. The right of use asset is amortized to expense. The interest component of lease payments made is recognized as interest expense.

f. Cash and Cash Equivalents:

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

g. Fixed Assets:

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. Fixed assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,500 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as fixed assets in the Government-Wide Statement of Net Position. Also, in the Fund Financial Statements, fixed assets are recorded as expenditures of the fund that provided the resources to acquire the asset because the related depreciation is a component of indirect costs of the Council's program. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

h. Unpaid Compensated Absences:

The Council's policies for vacation time permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the Government-Wide Statements. The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year.

In addition, the governmental funds in the Fund Financial Statements report compensated absence liabilities because the related costs are a component of the Council's indirect costs charged to its grants.

i. Management's Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

j. Budgets and Budgetary Policy:

Budgets for recurring operating projects NLCOG are prepared by the Executive Director as part of the Unified Planning Work Program (UPWP). The budget is then adopted by the Council. UPWP planning activities encompass a time frame of twelve months starting July 1, 2022 and ending June 30, 2023. 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, and other affected agencies.

Budgets approved as conditions of the grants fall under the guidelines of the contractual requirements of those various grants. Budget revisions, if any, are approved by grantor agencies as required. The current year budget was adopted May 27, 2022; one budget revision was made during the year.

Total revenues were not less than budgeted revenues and available beginning fund balance by 5% or more, and total expenses did not exceed budgeted expenses by 5% or more.

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

k. Fund Equity – Fund Financial Statements:

Governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the Council implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified other assets and net fixed assets as being nonspendable as they are not readily convertible to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year-end.
- **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Council's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The Council had no assigned resources as of year-end.
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Council would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

3. Compensated Absences

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

All earned but 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 work week to 40 hours. All earned but unused sick leave can be carried forward to the succeeding fiscal year.

The following is a summary of transactions relating to the Council's accrued compensated absences during the year.

	<u>Balance</u> <u>6-30-22</u>	<u>Increase</u>	<u>Balance</u> <u>6-30-23</u>
Accrued compensated absences	<u>\$ 59,782</u>	<u>\$ 9,847</u>	<u>\$ 69,629</u>

At termination, employees are paid a maximum of 25 days of earned but unused annual leave.

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%

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Each employee contributes 9% of his earnings to the pension plan. The Council is also required to contribute an amount equal to 9% of the employee's gross earnings, net of the benefit of any forfeitures for terminated participants.

During the year, the Council's required and actual contributions amounted to \$62,956 which was 9% of its current year covered payroll of \$703,414. Employees' required and actual contributions also amounted to \$62,956.

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 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 Fixed Assets

A summary of changes in fixed assets is as follows:

	<u>Balance</u> <u>6-30-22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-23</u>
Fixed assets, at cost:				
Furniture, equipment, and vehicle	\$ 192,778	\$ 10,424	-	\$ 203,202
Accumulated depreciation:				
Furniture and equipment	<u>(131,957)</u>	<u>(23,640)</u>	<u>-</u>	<u>(155,597)</u>
Net fixed assets	<u>\$ 60,821</u>	<u>\$ (13,216)</u>	<u>-</u>	<u>\$ 47,605</u>

Depreciation is recorded in the general fund, 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 two to seven years.

6. Cost Allocation Method

Costs are allocated to NLCOG's grants pursuant to a method of allocation as required by Federal regulations. Indirect costs and fringe benefits were applied to the grants during the year under an approved rate of 127.00% of direct labor. As a result of the audit, the actual indirect and fringe rate

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 agreement and 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. Leases

At June 30, 2023, the Northwest Louisiana Council of Governments has one noncancelable finance lease for its office space. This lease has a remaining term that ends in June 2025, and provides for monthly payments of \$4,427. Total payments made under this lease during 2023 amounted to \$53,128.

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Following is a summary of lease transactions during 2023:

	Balance July 1, 2022	Additions	Retirements or Payments	Balance June 30, 2023
Right of use asset	\$ -	\$ 147,291	\$ -	\$ 147,291
Accumulated amortization	-	(49,097)	-	(49,097)
Right of use asset, net	<u>\$ -</u>	<u>\$ 98,194</u>	<u>\$ -</u>	<u>\$ 98,194</u>
Lease obligation	<u>\$ -</u>	<u>\$ 142,864</u>	<u>\$ (42,462)</u>	<u>\$ 100,402</u>

Lease obligation principal and interest requirements to maturity as follows:

Years ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$ 48,824	\$ 4,304	\$ 53,128
2025	51,578	1,550	53,128
2026	-	-	-
2027	-	-	-
2028	-	-	-
	<u>\$ 100,402</u>	<u>\$ 5,854</u>	<u>\$ 106,256</u>

Total lease-related expenses in the GWFS for 2023 amount to \$55,336, which include amortization of the lease right of use asset of \$49,097 and interest on the lease obligation of \$6,239. These expenses are recorded in the general fund, as they are a component of indirect costs.

10. Cash

Total cash deposits (bank balances) with various financial institutions amounted to \$1,190,168 at June 30, 2023 and were protected by deposit insurance up to \$250,000 at each institution. Pursuant to its policy, any excess balances carried from time to time by the Council are secured by a pledge of qualified U.S. government agency securities.

11. Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage. The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss as a result of business interruption and certain acts of God.

12. Uncertainties

Planned Merger with CDC. The Council and the Coordinating and Development Corporation (CDC) entered into a memorandum of understanding in December 2020 to merge CDC into NLCOG, and to phase out CDC over time. NLCOG effectively withdrew from this agreement in 2023.

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

13. Subsequent Events

The Council is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. It performed such an evaluation through December 30, 2023, the date which the financial statements were available to be issued and noted no such subsequent events.

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues:				
Federal grants	\$ 1,103,420	\$ 1,103,420	\$ 1,056,315	\$ (47,105)
State and local funds	464,498	464,498	384,824	(79,674)
Interest and miscellaneous	-	-	953	953
Total revenues	1,567,918	1,567,918	1,442,092	(125,826)
Expenditures:				
Direct grant cost	1,061,109	1,064,570	596,663	467,907
Indirect grant cost	412,139	408,678	723,276	(314,598)
Other contract costs	7,500	7,500	18,270	(10,770)
Non-project costs	17,000	17,000	11,244	5,756
Total expenditures	1,497,748	1,497,748	1,349,453	148,295
<u>Excess of revenues over expenditures</u>	70,170	70,170	92,639	22,469
<u>Available from beginning fund balance</u>	-	-	1,048,909	1,048,909
<u>Fund balance at end of year</u>	\$ 70,170	\$ 70,170	\$ 1,141,548	\$ 1,071,378

SUPPLEMENTARY FINANCIAL INFORMATION

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

Agency Head: J. Kent Rogers

Salary	\$ 134,806
Benefits-health insurance	11,500
Benefits-life insurance	886
Benefits-retirement	12,132
Conference travel and meals reimbursement	5,723
Organization dues	395
Cell phone, data plan	1,307

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES AND EXPENDITURES BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2023

	Operating					H.003915 I-49 Inner City Corridor	FHWA H.009213 3132 Enviro	H.014969 Pictometry	Regional		Total Special Projects	Total
	FHWA H.972462.1	FTA PL80-09-22	Regional Safety Coalition	Nonproject	Total Operating				Watershed Capacity Building	Total		
Revenues:												
Federal grants	\$ 713,555	\$ 143,248	\$ 199,512	\$ -	\$ 1,056,315	\$ 125,308	\$ 53,766	\$ 624,020	\$ -	\$ 803,094	\$ 1,859,409	
State grants	-	-	-	-	-	31,327	13,441	-	-	44,768	44,768	
Local funds	265,734	59,749	-	59,341	384,824	-	-	71,346	10,007	81,353	466,177	
Interest and miscellaneous	-	-	-	953	953	-	-	-	-	-	953	
Total revenues	979,289	202,997	199,512	60,294	1,442,092	156,635	67,207	695,366	10,007	929,215	2,371,307	
Expenditures:												
Direct labor	431,405	77,249	79,843	8,166	596,663	11,236	-	-	7,130	18,366	615,029	
Indirect costs	522,950	93,641	96,786	9,899	723,276	13,620	-	-	8,643	22,263	745,539	
Other contract costs	-	-	18,270	-	18,270	131,128	73,583	695,366	-	900,077	918,347	
Nonproject costs	-	-	-	11,244	11,244	-	-	-	-	-	11,244	
Total expenditures	954,355	170,890	194,899	29,309	1,349,453	155,984	73,583	695,366	15,773	940,706	2,290,159	
Excess (deficiency) of revenues over expenditures	\$ 24,934	\$ 32,107	\$ 4,613	\$ 30,985	\$ 92,639	\$ 651	\$ (6,376)	\$ -	\$ (5,766)	\$ (11,491)	\$ 81,148	

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

COMPUTATION OF INDIRECT COST RATE

FOR THE YEAR ENDED JUNE 30, 2023

Indirect costs:

Advertising	\$	980
Bonding and insurance		20,327
Office lease ROU asset amortization and interest		55,336
Staff parking		960
Depreciation		23,640
Dues and publications		5,576
Health insurance		149,620
Holidays		39,047
Payroll taxes		10,817
Postage		179
Professional fees		67,381
Retirement		56,167
Salaries		38,865
Sick leave		28,292
Small equipment purchases and maintenance		137,524
Supplies		16,252
Telephone		12,346
Education and training		17,726
Travel		8,567
Vacation		55,281
Workman's comp insurance		656
Service charge		-

Total indirect costs	<u>\$</u>	<u>745,539</u>
----------------------	-----------	----------------

	<u>Direct Labor</u>	<u>Actual Indirect Costs</u>	<u>Actual Indirect Rate</u>
FHWA H.972422.1	\$ 431,405	\$ 522,950	
FTA PL80-09-22	77,249	93,641	
Nonproject	8,166	9,899	
FHWA H.003915 ICC	11,236	13,620	
FHWA H.009213 3132 Enviro	-	-	
H.013799 Regional Safety Coalition	79,843	96,786	
Regional Watershed Capacity Building	7,130	8,643	
	<u>\$ 615,029</u>	<u>\$ 745,539</u>	<u>121.2201%</u>

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	State Project Number	Federal CFDA Number	Program or Award Amount	Revenue Recognized	Expenditures
<u>U. S Department of Transportation:</u>					
Passed through the Louisiana Department of Transportation and Development:					
Metropolitan Planning-Shreveport	H.972462.1	20.205	\$ 713,555	\$ 713,555	\$ 713,555
LA 3132 Extension	H.009213	20.205	1,289,341	53,766	53,766
I-49 Inner City Corridor	H.003915	20.205	2,700,000	125,308	125,308
COVID-19--Pictometry	H.014969	20.205	1,268,040	624,020	624,020
Regional Safety Coalition	H.013799	20.205	1,388,208	<u>199,512</u>	<u>199,512</u>
				1,716,161	1,716,161
Metropolitan Planning-Regional	PL80-09-22	20.505	192,392	113,248	113,248
Formula Grants-Other than Urbanized Area	PL80-09-22	20.509	20,000	20,000	20,000
Capital Assistance Program for Elderly and Disabled	PL80-09-22	20 513	10,000	<u>10,000</u>	<u>10,000</u>
				<u>143,248</u>	<u>143,248</u>
Total Passed through the Louisiana Department of Transportation and Development				<u>1,859,409</u>	<u>1,859,409</u>
Total Federal Awards				<u>\$ 1,859,409</u>	<u>\$ 1,859,409</u>

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Northwest Louisiana Council of Governments and is presented on the accrual basis of accounting, which is the same basis of accounting used for the presentation of the general-purpose financial statements. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Northwest Louisiana Council of Governments did not pass through any of its federal awards to a subrecipient during the fiscal year, nor did it expend any federal awards in the form of noncash assistance.

Northwest Louisiana Council of Governments used an approved indirect cost rate of 127% of direct labor during the fiscal year.

OTHER REPORTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

Board of Directors
Northwest Louisiana Council of Governments
Shreveport, Louisiana

**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***

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 Northwest Council of Governments as of and for the year ended June 30 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated December 30, 2023.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2023-01 to be a material weakness.

Compliance and Other Matters

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

The Council's Response to Findings

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

Purpose of this Report

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
December 30, 2023



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

Board of Directors
Northwest Louisiana Council of Governments
Shreveport, Louisiana

**Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northwest Louisiana Council of Governments’ compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Louisiana Council of Governments’ major federal programs for the year ended June 30, 2023. Northwest Louisiana Council of Governments’ major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northwest Louisiana Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northwest Louisiana Council of Governments, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northwest Louisiana Council of Governments’ compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Northwest Louisiana Council of Governments’ federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northwest Louisiana Council of Governments' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northwest Louisiana Council of Governments' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northwest Louisiana Council of Governments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northwest Louisiana Council of Governments' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Northwest Louisiana Council of Governments' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

December 30, 2023

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Northwest Louisiana Council of Governments.
2. One deficiency in internal control relating to the audit of the basic financial statements is reported. It is a material weakness.
3. No instances of noncompliance were disclosed during the audit.
4. No material weaknesses relating to the audit of major federal award programs are reported.
5. The auditor's report on compliance for major federal award programs of Northwest Louisiana Council of Governments expresses an unmodified opinion.
6. There are no audit findings relative to major federal award programs of Northwest Louisiana Council of Governments.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Federal Highway Planning and Construction	20.205

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Northwest Louisiana Council of Governments was determined to not be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2023-01 - Control Finding

As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Council's annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor does management have the ability to perform these functions in-house. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

This condition is intentional and results from management balancing the Council's financial complexity with the appropriate level of accounting expertise. It is not cost effective for the Council to prepare its annual financial statements in-house.

Whether or not it would be cost effective to correct a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies reported under SAS 115. In this case both management and the auditor do not believe that correcting the material weakness described above is cost effective or practical and, accordingly, do not believe that any corrective action is necessary.

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

2022-01 Lack of expertise to prepare annual financial statements in-house – repeated.



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

Board of Directors
Northwest Louisiana Council of Governments
Shreveport, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Management of Northwest Louisiana Council of Governments (NLCOG) is responsible for those C/C areas identified in the SAUPs.

NLCOG has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
The entity has written policies and procedures that adequately address the budget function.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
The entity has written policies and procedures that adequately address the purchasing function.
 - c) **Disbursements**, including processing, reviewing, and approving.
The entity has written policies and procedures that adequately address the disbursements function.

- 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).

The entity has written policies and procedures that adequately address the receipts and collections function.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

The entity has written policies and procedures that adequately address the payroll and personnel function.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The entity has written policies and procedures that adequately address the contracting function.

- g) **Credit Cards (and debit cards, fuel cards, purchase 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)

The entity has written policies and procedures that adequately address the credit card function.

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

The entity has written policies and procedures that adequately address the travel and expense reimbursement function.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The entity has written policies and procedures that adequately address ethics.

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

Not applicable because the entity has no debt.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exception: The entity has policies and procedures that address information technology disaster recovery/business continuity requirements, except for the identification of personnel, processes, and tools needed to recover operations after a critical event.

Management's Response: Management has amended its policy to include personnel, processes, and tool need to recover operations after a critical event.

- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exception: The entity has policies and procedures that address sexual harassment except for requirements for annual reporting.

Management's Response: Management is in the process of amending its policy to include the requirement of a calendar reminder to have the annual reporting elements prepared by February 1 of each year.

Board or Finance Committee

2. Obtain and inspect 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) Observe 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.

The entity's Board of Directors met at least quarterly during the year, as required by its bylaws.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

The minutes referred to budget-to-actual financial statement comparisons of its sole fund.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

The entity's general fund did not reflect a negative unassigned fund balance in the prior year audit report.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit findings, according to management's corrective action plan, at each meeting until the findings are considered fully resolved.

Not applicable; no audit findings were identified.

Bank Reconciliations

3. Obtain a listing of entity 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 each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Bank reconciliations were prepared for each account selected and included evidence of having been prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management or a 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

Bank reconciliations evidenced review by an independent member of management.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No reconciliation contained reconciling items outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

- 4. Obtain 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 select 5 deposit sites (or all deposit sites if less than 5).

The entity has one physical office location where deposits are prepared and reconciled.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

No exceptions noted.

- c) Each employee responsible for collecting cash is not also 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.

No exceptions noted.

- 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, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliation procedure #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select 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.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
No exceptions.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions.
 - d) Observe 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 and the cash is stored securely in a locked safe or drawer).
No exceptions.
 - e) Trace the actual deposit per the bank statement to the general ledger.
No exceptions.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Per listing provided by management, payments are processed through one location – the Main Office.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe 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 or making the purchase.
Job duties appear properly segregated.
 - b) At least two employees are involved in processing and approving payments to vendors.
Job duties appear properly segregated.
 - 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.
Job duties appear properly segregated.

- 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.

Exception: The same employee responsible for mailing checks also processes payments.

Management's Response: We have implemented a process that separates these duties between employees.

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (ETF), wire transfer, or some other electronic means.

Job duties appear properly segregated.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe whether the disbursement, whether by paper or electronic means, matched the related original invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions noted.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure 3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

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

- 12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of credit cards was obtained from management.

- 13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

- a) Observe whether 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 (or electronically approved), by someone other than the authorized card holder.

Monthly statements and related payments are reviewed and approved by the Executive Director and/or a member of the Board of Commissioners, as applicable.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

14. Using the monthly statements or combined statements selected under procedure #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exception: One of the transactions selected was not supported by an original itemized receipt that identified exactly what was purchased.

Management's Response: Management retained a Lost Receipt Form which detailed the expense, amount, date, location, and reason for the transaction.

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

15. Obtain 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 select 5 reimbursements, obtain 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, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Not applicable-no selections used a per diem.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1.h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

16. Obtain 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable – bidding was not required for the selected contracts.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

No exceptions noted.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained listing from Management and agreed selected employees' salaries and pay rates without exception.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- d) Observe that the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- 19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee's or official's cumulate leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Not applicable – no employees were terminated during the fiscal period.

- 20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Management's representation was obtained covering these statements.

Ethics

- 21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

No exceptions noted.

- b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions noted.

- 22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Entity has appointed its Executive Director as the ethics designee in compliance with R.S. 42:1170.

Debt Service

- 23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable because the entity has no debt.

- 24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable because the entity has no debt.

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Not applicable – there were no misappropriations of public funds identified during the fiscal period.

26. Observe 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.

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the entity's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Not applicable – no employees were terminated during the fiscal period.

Prevention of Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

Exception: Although the applicable requirements were included in the report, it was not dated on or before February 1.

Management Response: Management will establish a calendar reminder to have the elements below prepared by February 1 of each year.

a. Number and percentage of public servants in the agency who have completed the raining requirements;

No exceptions noted.

b. Number of sexual harassment complaints received by the agency;

N/A-none.

c. Number of complaints which resulted in finding that sexual harassment occurred;

N/A-none.

d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

N/A-none.

e. Amount of time it took to resolve each complaint.

N/A-none.

We were engaged by NLCOG to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of NLCOG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

December 30, 2023