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**NORTHWEST LOUISIANA COUNCIL
OF GOVERNMENTS
SHREVEPORT, LOUISIANA
JUNE 30, 2025**

**NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SHREVEPORT, LOUISIANA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2025 and 2024. 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 and deferred inflows of resources - 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, lease amortization, and unpaid compensated absences, these statements also include capital assets, lease right of use asset and related liabilities, 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 decreased by \$65,634 during the year, from \$1,109,489 to \$1,043,855. This decrease results mainly from higher indirect costs incurred during the current year.

**Table 1
Net Position**

	Government-Wide Position	
	2025	2024
Current assets	\$ 1,364,470	\$ 2,242,465
Capital assets, net	40,149	55,564
Lease right of use assets, net	7,420	58,541
Total assets	1,412,039	2,356,570
Current liabilities	220,543	1,079,945
Lease liabilities	7,769	61,080
Total liabilities	228,312	1,141,025
Deferred inflow of resources	139,872	106,056
Total liabilities and deferred inflow of resources	368,184	1,247,081
Net position:		
Investment in capital and lease assets	47,569	145,799
Restricted	7,910	10,099
Unrestricted	988,376	953,591
Total net position	\$ 1,043,855	\$ 1,109,489

**Table 2
Change in Net Position**

	Government-Wide Activities	
	2025	2024
Revenues:		
Operating grants and support	\$ 3,384,763	\$ 2,869,813
Other	754	993
Total revenues	3,385,517	2,870,806
Expenses:		
General governmental-transportation planning	3,451,151	2,977,837
Increase (decrease) in net assets	\$ (65,634)	\$ (107,031)

Expenses for general governmental planning reflect an increase of \$473,314 to a current year level of \$3,451,151, mainly as the result of a new Safe Streets for All project and increases in activity for the I-49 Inner City Corridor project, as well as higher indirect costs. The increase in expenses was offset by an increase in operating grants and support of \$514,950.

CAPITAL ASSETS

At the end of 2025, the Council has invested \$40,149 in net capital assets from those funds maintained by the Council.

**Table 3
Capital Assets at Year End**

	Government-Wide Activities	
	2025	2024
Vehicle, furniture and equipment	\$ 242,528	\$ 235,110
<u>Less</u> -accumulated depreciation	<u>(202,379)</u>	<u>(179,546)</u>
	<u>\$ 40,149</u>	<u>\$ 55,564</u>
The years' major additions included:		
Equipment	<u>\$ 7,418</u>	<u>\$ 33,791</u>
	<u>\$ 7,418</u>	<u>\$ 33,791</u>

FUTURE OPERATIONS

The Council expects, in addition to its normal transportation planning, to continue to administer contracts for environmental and community impacts on the I-49 corridor between I-20 and I-220 culminating with a Record of Decision (ROD) in late 2026 and continued work towards full funding for the project. The Council also began work on the MPO Transportation Plan Update and 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. In addition, the Council will update the Regional Geographic Information Systems (ReGIS) with updated aerial photography flights in calendar 2026 and 2028 and will continue to move data to a cloud environment.

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 401 Edwards Street, Suite 1100, Shreveport, Louisiana 71101.

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AUDITED FINANCIAL STATEMENTS

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, 2025, and the related notes to 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, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 17 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 18-22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and related notes on pages 21-22 is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 supplementary information on pages 18-22 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report, dated **December 30, 2026**, 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.

Shreveport, Louisiana
December 30, 2026

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2025

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	Governmental Activities
<u>Assets:</u>	
Cash	\$ 834,484
Federal grant receivables	333,358
Other receivables	163,292
Other assets	33,336
Fixed assets, net of accumulated depreciation	40,149
Lease right of use assets, net of accumulated amortization	<u>7,420</u>
 Total assets	 1,412,039
<u>Liabilities:</u>	
Accounts payable	142,076
Accrued compensated absences	77,469
Other liabilities	998
Lease liabilities	<u>7,769</u>
 Total liabilities	 228,312
 <u>Deferred inflow of resources</u>	 <u>139,872</u>
 Total liabilities and deferred inflow of resources	 <u>368,184</u>
<u>Net position:</u>	
Investment in capital and lease assets, net	47,569
Restricted	7,910
Unrestricted	<u>988,376</u>
 Total net position	 <u>\$ 1,043,855</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, 2025

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	Governmental Activities
<u>Expenses:</u>	
Governmental activities:	
Transportation planning	\$ 3,451,151
Total expenses	3,451,151
 <u>Program revenue:</u>	
Operating grants	3,306,653
 <u>Net revenue:</u>	 (144,498)
 <u>General revenue:</u>	
General support	78,110
Interest and miscellaneous	754
Total general revenue	78,864
 <u>(Decrease) in net position</u>	 (65,634)
 <u>Net position at beginning of year</u>	 1,109,489
 <u>Net position at end of year</u>	 \$ 1,043,855

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

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

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BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2025

ASSETS	<u>Governmental Fund Type</u> <u>General Fund</u>
Cash	\$ 834,484
Federal grant receivables	333,358
Other receivables	163,292
Other assets	33,336
Fixed assets, net of accumulated depreciation	40,149
Lease right of use assets, net of accumulated amortization	<u>7,420</u>
 Total assets	 <u>\$ 1,412,039</u>
 LIABILITIES & FUND EQUITY	
<u>Liabilities:</u>	
Accounts payable	\$ 142,076
Accrued compensated absences	77,469
Other liabilities	998
<u>Lease liabilities:</u>	
Current	1,885
Noncurrent	<u>5,884</u>
Total liabilities	228,312
 <u>Deferred inflow of resources</u>	 <u>139,872</u>
 Total liabilities and deferred inflow of resources	 368,184
 <u>Fund equity:</u>	
Nonspendable	80,905
Restricted	7,910
Unassigned	<u>955,040</u>
Total fund equity	<u>1,043,855</u>
 Total liabilities and fund equity	 <u>\$ 1,412,039</u>

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

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE – GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

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	General Fund
<u>Revenues:</u>	
Federal grants	\$ 2,693,064
State and local funds	691,699
Interest and miscellaneous	754
Total revenues	3,385,517
 <u>Expenditures:</u>	
Direct grant costs	627,305
Indirect grant costs	961,338
Other contract costs	1,853,461
Nonproject costs	9,047
Total expenditures	3,451,151
<u>(Deficiency) of revenues over expenditures</u>	(65,634)
<u>Fund balance at beginning of year</u>	1,109,489
<u>Fund balance at end of year</u>	\$ 1,043,855

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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.972541.1) Federal Aid Project No. H972541.1, contract for Metropolitan Planning, Shreveport Urbanized Area, effective July 1, 2024 through June 30, 2025, in the amount of \$873,340 of which the maximum federal share comprises \$707,310. Federal funds are obligated to pay one hundred percent (100%) of the cost associated with complete streets planning activities up to a maximum of \$43,191. A maximum of eighty percent (80.00%) of the remaining cost of the project is federally funded with the remainder being funded through local monies.

Louisiana Department of Transportation and Development (No. PL-80-09-25) FTA Section 5303, contract for Regional Planning, Shreveport Urbanized Area, effective July 1, 2024 through June 30, 2025, in the amount of \$240,374 of which the maximum federal share comprises eighty percent (80.00%) (one hundred percent for up to \$15,000 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 seven 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 \$9,000,000, funded by the State of Louisiana in the amount of \$3,000,000 and by the federal government in the amount of \$2,700,000, with the remainder funded by state Unclaimed Property Funds and BP Pay-Go Funds.

Louisiana Department of Transportation and Development (No. H.015632) Federal Aid Project No. H015632, contract for a regional active transportation plan for the Shreveport metropolitan transportation planning area, effective May 13, 2025, in the amount of \$375,000 of which the maximum federal share comprises \$300,000. A maximum of eighty percent (80.00%) is federally funded, with the remainder being funded by NLCOG local funds.

Louisiana Department of Transportation and Development (No. H.972556) Federal Aid Project No. H972556, contract for a single phase planning project to develop an update for the Metropolitan Plan for the Northwest Louisiana Metropolitan Planning Area, effective May 7, 2025, in the amount of \$1,000,000 of which the maximum federal share comprises \$800,000. A maximum of eighty percent (80.00%) is federally funded, with the remainder being funded by the state (\$100,000) and NLCOG local funds (\$100,000). No costs were expended on this project during the current fiscal year.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Federal Highway Administration (No. 693JJ32340170) contract for development of a comprehensive safety plan, effective September 30, 2023 through September 30, 2035, in the amount of \$1,000,000 of which the maximum federal share comprises \$800,000 (80.00%) and the remainder funded by NLCOG local funds.

Louisiana Highway Safety Commission Project No. 2024/2025-10-35, contract for support to provide medical technicians to collect blood draws when warrants are issued during No Refusal incidents, effective October 1, 2023 through September 30, 2025, in the amount of \$78,200 of which the federal share is 100%.

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.

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.

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 conform to 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 defines that measure as net position rather than net assets. The Council had no deferred outflows at June 30, 2025.

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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. It also includes lease right of use assets net of accumulated amortization and net of the related lease obligation. Restricted consists 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 the governmental fund type. 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.

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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.

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 an acquisition in 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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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 of 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, 2024 and ending June 30, 2025. 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 June 28, 2024; one budget revision was made during the year, but it had no effect on the general categories presented in the financial statements.

Total revenues were less than budgeted revenues by \$160,205, or 10.27%, and total expenses were less than budgeted expenses by \$267,799. The negative variation in revenues was caused by the positive variation in expenses, since most of the Council's revenue is driven by cost reimbursement agreements.

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.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

- **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.

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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

	Balance 6-30-24	Increase	Balance 6-30-25
Accrued compensated absences	\$ 68,767	\$ 8,702	\$ 77,469

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 according to the vesting schedule in the table below. An employee who leaves the employment of the Council is entitled to his contribution plan accrued interest thereon, in addition to funds contributed by the Council, in accordance with the following vesting schedule:

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

Each employee 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 \$80,957 which was 9% of its current year covered payroll of \$899,523. Employees’ required and actual contributions also amounted to \$80,957.

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

5. Changes in Fixed Assets

A summary of changes in fixed assets is as follows:

	Balance 6-30-24	Additions	Deletions	Balance 6-30-25
Fixed assets, at cost:				
Furniture, equipment, and vehicle	\$ 235,110	\$ 7,418	\$ -	\$ 242,528
Accumulated depreciation:				
Furniture, equipment, and vehicle	(179,546)	(22,833)	-	(202,379)
Net fixed assets	<u>\$ 55,564</u>	<u>\$ (15,415)</u>	<u>\$ -</u>	<u>\$ 40,149</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 135.00% of direct labor except for the Safe Streets for All grant, for which the approved rate was 118.72%. As a result of the audit, the actual indirect and fringe rate was determined to be 153.25%.

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, 2025, the Northwest Louisiana Council of Governments has one noncancelable finance lease for a copier, which has a remaining term that ends in February 2029 at \$206 per month. The lease for office space, which required monthly payments of \$4,427 per month, ended June 30, 2025. Total payments made under these leases during 2025 amounted to \$55,601.

Following is a summary of lease transactions during 2025:

	Balance July 1, 2024	Additions	Retirements or Payments	Balance June 30, 2025
Right of use asset	\$ 157,410	\$ -	\$ (147,291)	\$ 10,119
Accumulated amortization	(98,869)	(51,121)	147,291	(2,699)
Right of use asset, net	<u>\$ 58,541</u>	<u>\$ (51,121)</u>	<u>\$ -</u>	<u>\$ 7,420</u>
Lease obligation	<u>\$ 61,080</u>	<u>\$ -</u>	<u>\$ (53,311)</u>	<u>\$ 7,769</u>

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

Lease obligation principal and interest requirements to maturity as follows:

Years ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	\$ 1,886	\$ 588	\$ 2,474
2027	2,052	421	2,473
2028	2,234	240	2,474
2029	1,597	51	1,648
2030	-	-	-
	<u>\$ 7,769</u>	<u>\$ 1,300</u>	<u>\$ 9,069</u>

Total lease-related expenses in the GWFS for 2025 amount to \$53,412, which include amortization of the lease right of use asset of \$51,121 and interest on the lease obligation of \$2,291. 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 \$850,764 at June 30, 2025, 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. 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**, 2026, the date on which the financial statements were available to be issued and noted no such subsequent events.

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REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

DRAFT

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
<u>Revenues:</u>				
Federal grants	\$ 1,104,348	\$ 1,104,348	\$ 1,101,249	\$ (3,099)
State and local funds	454,922	454,922	297,062	(157,860)
Interest and miscellaneous	-	-	754	754
Total revenues	1,559,270	1,559,270	1,399,065	(160,205)
<u>Expenditures:</u>				
Direct grant cost	804,544	804,544	559,233	245,311
Indirect grant cost	887,340	887,340	857,019	30,321
Other contract costs	-	-	16,786	(16,786)
Non-project costs	18,000	18,000	9,047	8,953
Total expenditures	1,709,884	1,709,884	1,442,085	267,799
<u>Excess of revenues over expenditures</u>	(150,614)	(150,614)	(43,020)	107,594
<u>Available from beginning fund balance</u>	992,094	992,094	980,558	(11,536)
<u>Fund balance at end of year</u>	\$ 841,480	\$ 841,480	\$ 937,538	\$ 96,058

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SUPPLEMENTARY FINANCIAL INFORMATION

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2025

DRAFT

Agency Head: J. Kent Rogers

Salary	\$ 150,605
Benefits-health insurance	16,806
Benefits-life insurance	886
Benefits-retirement	13,554
Conference travel and meals reimbursement	16,726
Cell phone, data plan	1,020
Organization dues	325

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES AND EXPENDITURES BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2025

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	Operating				Total Operating	I-49 Inner City Corridor		Active Transportation		Regional Watershed		Total Special Projects	Total
	FHWA	FTA	Regional Safety Coalition	Nonproject		H.003915	LHSC NoRefusal 2024/25-10-35	Plan H.015632	Safe Streets for All	Capacity Building			
	H.972541.1	PL80-09-25	H.013799										
Revenues:													
Federal grants	\$ 707,304	\$ 190,280	\$ 203,665	\$ -	\$ 1,101,249	\$ 739,269	\$ 41,965	\$ 124,451	\$ 686,130	\$ -	\$ 1,591,815	\$ 2,693,064	
State grants	-	-	-	-	-	184,817	-	-	-	-	184,817	184,817	
Local funds	175,112	43,840	-	78,110	297,062	-	-	31,113	171,533	7,174	209,820	506,882	
Interest and miscellaneous	-	-	-	754	754	-	-	-	-	-	-	754	
Total revenues	882,416	234,120	203,665	78,864	1,399,065	924,086	41,965	155,564	857,663	7,174	1,986,452	3,385,517	
Expenditures:													
Direct labor	375,496	99,626	79,404	4,707	559,233	18,157	-	12,602	33,073	4,240	68,072	627,305	
Indirect costs	575,443	152,676	121,686	7,214	857,019	27,825	-	19,312	50,684	6,498	104,319	961,338	
Other contract costs	-	-	16,786	-	16,786	881,417	43,808	125,950	785,500	-	1,836,675	1,853,461	
Nonproject costs	-	-	-	9,047	9,047	-	-	-	-	-	-	9,047	
Total expenditures	950,939	252,302	217,876	20,968	1,442,085	927,399	43,808	157,864	869,257	10,738	2,009,066	3,451,151	
Excess (deficiency) of													
revenues over expenditures	\$ (68,523)	\$ (18,182)	\$ (14,211)	\$ 57,896	\$ (43,020)	\$ (3,313)	\$ (1,843)	\$ (2,300)	\$ (11,594)	\$ (3,564)	\$ (22,614)	\$ (65,634)	

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

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COMPUTATION OF INDIRECT COST RATE

FOR THE YEAR ENDED JUNE 30, 2025

<u>Indirect costs:</u>		
Advertising		\$ 1,384
Bonding and insurance		21,774
Lease ROU asset amortization and interest		53,412
Staff parking		1,081
Depreciation		22,833
Dues and publications		6,778
Health insurance		191,104
Holidays		61,785
Payroll taxes		12,758
Postage		136
Professional fees		78,318
Retirement		80,957
Salaries		119,802
Sick leave		33,934
Small equipment purchases and maintenance		146,981
Supplies		15,186
Telephone		11,058
Education and training		17,958
Travel		16,855
Vacation		65,399
Workman's comp insurance		1,401
Service charge		<u>444</u>
Total indirect costs		<u>\$ 961,338</u>

	<u>Direct Labor</u>	<u>Actual Indirect Costs</u>	<u>Actual Indirect Rate</u>
FHWA H.972541.1	\$ 375,496	\$ 575,443	
FTA PL80-09-25	99,626	152,676	
Nonproject	4,707	7,214	
FHWA H.003915 ICC	18,157	27,825	
H.015632 Active Transportation Plan	12,602	19,312	
H.013799 Regional Safety Coalition	79,404	121,686	
Safe Streets for All	33,073	50,684	
Regional Watershed Capacity Building	<u>4,240</u>	<u>6,498</u>	
	<u>\$ 627,305</u>	<u>\$ 961,338</u>	<u>153.25%</u>

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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Federal Grantor/Pass-Through Grantor/Program Title	State Project Number	Federal AL Number	Program or Award Amount	Revenue Recognized	Expenditures
U. S Department of Transportation:					
Passed through the Louisiana Department of Transportation and Development:					
Metropolitan Planning-Shreveport	H.972541.1	20.205	\$ 707,310	\$ 707,304	\$ 707,304
I-49 Inner City Corridor	H.003915	20.205	2,700,000	739,269	739,269
Shreveport MPO Transportation Plan Update	H.972556	20.205	800,000	-	-
Regional Safety Coalition	H.013799	20.205	1,388,208	203,665	203,665
Active Transportation Plan	H.015632	20.205	300,000	124,451	124,451
				1,774,689	1,774,689
Metropolitan Planning-Regional	PL80-09-25	20.505	180,299	175,280	175,280
Formula Grants-Other than Urbanized Area	PL80-09-25	20.509	10,000	10,000	10,000
Enhanced Mobility Program for Elderly and Disabled	PL80-09-25	20.513	5,000	5,000	5,000
				190,280	190,280
Total Passed through the Louisiana Department of Transportation and Development				1,964,969	1,964,969
Passed through the Louisiana Highway Safety Commission:					
No Refusal Support Program	2024-10-35	20.607	39,100	30,780	30,780
No Refusal Support Program	2025-10-35	20.607	39,100	11,185	11,185
Total Passed through the Louisiana Highway Safety Commission				41,965	41,965
Direct Award:					
Safe Streets and Roads for All	N/A	20.939	800,000	686,130	686,130
Total Federal Awards				\$ 2,693,064	\$ 2,693,064

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

DRAFT

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 135% of direct labor during the fiscal year except for the Safe Streets for All grant, for which the approved indirect cost rate used was 118.72%.

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OTHER REPORTS

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 2025, and the related notes to financial statements, which collectively comprise the Council’s basic financial statements, and have issued our report thereon dated **December 30**, 2026.

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 2025-01 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.

Shreveport, Louisiana
December 30, 2026

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, 2025. 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, 2025.

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.

Shreveport, Louisiana

December 30, 2026

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

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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

2025-01 - 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, 2025

DRAFT

2024-01 Lack of expertise to prepare annual financial statements in-house – repeated.