

**ALLEN ACTION AGENCY, INC.**  
**Oberlin, Louisiana**

**Financial Report**  
**Year Ended June 30, 2017**

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# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT

Mr. Lyndon Livingston, Executive Director, and  
Members of the Board of Directors  
Allen Action Agency, Inc.  
Oberlin, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the Allen Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Allen Action Agency, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards (page 22), as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the financial information listed as “Supplemental Information” (pages 15-16), is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 13, 2017, on our consideration of the Allen Action Agency, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Allen Action Agency Inc.’s internal control over financial reporting and compliance.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 13, 2017

## **FINANCIAL STATEMENTS**

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Statement of Financial Position  
June 30, 2017

ASSETS

Current assets:	
Cash	\$ 81,389
Property and equipment, net	628,749
Other assets	<u>225</u>
Total assets	<u>\$ 710,363</u>

LIABILITIES AND NET ASSETS

Liabilities -	
Current liabilities:	
Accounts payable	\$ 1,795
Accrued salaries and related benefits	11,902
Deferred revenue	13,101
Note payable	<u>27,761</u>
Total current liabilities	54,559
Noncurrent liabilities:	
Note payable	<u>105,278</u>
Total liabilities	<u>159,837</u>
Net assets:	
Unrestricted	27,650
Temporarily restricted	<u>522,876</u>
Total net assets	<u>550,526</u>
Total liabilities and net assets	<u>\$ 710,363</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Statement of Activities  
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support			
Government grants	\$ -	\$ 1,300,731	\$ 1,300,731
Local grants	11,818	45,940	57,758
Donated services and facilities	-	283,720	283,720
Total revenues, gains, and other support	<u>11,818</u>	<u>1,630,391</u>	<u>1,642,209</u>
Expenses:			
Program services -			
Energy Assistance Programs	-	18,563	18,563
Emergency Food Shelter Programs	-	5,161	5,161
Local grants	12,320	16,336	28,656
Food services	-	75,476	75,476
Headstart	-	1,355,151	1,355,151
Total program services	<u>12,320</u>	<u>1,470,687</u>	<u>1,483,007</u>
Support services -			
Community Services Block Grant	-	59,739	59,739
Total expenses	<u>12,320</u>	<u>1,530,426</u>	<u>1,542,746</u>
Change in net assets	(502)	99,965	99,463
Net assets, beginning	<u>28,152</u>	<u>422,911</u>	<u>451,063</u>
Net assets, ending	<u>\$ 27,650</u>	<u>\$ 522,876</u>	<u>\$ 550,526</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Statement of Functional Expenses  
For the Year Ended June 30, 2017

	Program Services					Total Program Services	Support Services	Totals
	Energy Assistance Grants	Emergency Food & Shelter Grants	Local Grants	Food Services Program	Head Start Program		Community Services Block Grant	
Salaries	\$ 6,256	\$ -	\$ 1,048	\$ 21,570	\$ 635,590	\$ 664,464	\$ 46,363	\$ 710,827
Payroll taxes	457	-	782	-	60,390	61,629	3,489	65,118
Retirement	179	-	-	-	24,407	24,586	1,384	25,970
Total salaries and related expenses	6,892	-	1,830	21,570	720,387	750,679	51,236	801,915
Dues	-	-	-	-	2,810	2,810	-	2,810
Energy assistance	7,563	-	-	-	-	7,563	-	7,563
Food and nutrition	-	-	-	53,906	17,716	71,622	-	71,622
Insurance	-	-	3,178	-	56,727	59,905	609	60,514
Interest expense	-	-	-	-	5,379	5,379	-	5,379
Contributed services and facility costs	-	-	-	-	283,720	283,720	-	283,720
Medical and dental	-	-	-	-	8,453	8,453	-	8,453
Miscellaneous	-	-	4,610	-	8,682	13,292	1,131	14,423
Other occupancy	-	-	-	-	6,446	6,446	-	6,446
Parent involvement	-	-	8,077	-	1,822	9,899	-	9,899
Printing and advertising	-	-	60	-	251	311	200	511
Professional fees	-	-	7	-	18,924	18,931	1,543	20,474
Rent assistance	-	791	-	-	-	791	-	791
Repairs and maintenance	-	-	-	-	49,862	49,862	137	49,999
Seminars and workshops	-	-	-	-	4,137	4,137	272	4,409
Supplies and materials	3,458	-	10,703	-	49,096	63,257	950	64,207
Telephone	-	-	-	-	16,591	16,591	2,654	19,245
Travel	650	-	191	-	8,230	9,071	123	9,194
Utilities	-	4,370	-	-	36,605	40,975	884	41,859
Total expenses before depreciation	18,563	5,161	28,656	75,476	1,295,838	1,423,694	59,739	1,483,433
Depreciation expense	-	-	-	-	59,313	59,313	-	59,313
Total expenses	\$ 18,563	\$ 5,161	\$ 28,656	\$ 75,476	\$ 1,355,151	\$ 1,483,007	\$ 59,739	\$ 1,542,746

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Statement of Cash Flows  
For the Year Ended June 30, 2017

Cash flows from operating activities:	
Change in net assets	\$ 99,463
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	59,313
Decrease in grant receivable	3,625
Decrease in accounts payable	709
Increase in accrued salaries and related benefits	<u>(824)</u>
Net cash provided by operating activities	<u>175,387</u>
Cash flows from financing activities:	
Acquisition of capital assets	(101,524)
Payment on long term debt	<u>(36,030)</u>
Net cash used by capital and related financing activities	<u>(137,554)</u>
Increase in cash and cash equivalents	37,833
Cash and cash equivalents, beginning	<u>43,556</u>
Cash and cash equivalents, ending	<u>\$ 81,389</u>
Supplemental disclosures:	
Cash paid during the year for interest	<u>\$ 5,379</u>

The accompanying notes are an integral part of this statement

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Allen Action Agency, Inc., (the Agency) incorporated under the laws of the State of Louisiana on August 19, 1965, is a nonprofit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Agency receives grants from federal and state governments to conduct various community service programs, including the Headstart Program for Allen Parish, and its primary purpose is to better the conditions under which people in the Allen Parish area live.

B. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions. Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Agency may spend the funds.

C. Fixed Assets and Depreciation

Fixed assets are recorded at cost. Depreciation of fixed assets is calculated on the straight-line basis over an estimated useful life of 3-30 years. The Agency follows the practice of capitalizing all expenses for equipment and buildings in accordance with each program's grant guidelines.

D. Budgets

Allen Action Agency, Inc. does not adopt budgets on a fiscal year basis. Each grant program's budget is based on its individual program year end and is approved by the program at the inception of the program. Budgetary amendments must generally be approved by the program as well.

E. Compensated Absences

Vacation and sick leave are recorded as expenses of the period in which paid. Vacation and sick leave are accrued based on years of service. Employees with three years of service or less accrue 8 hours per month of vacation and sick leave, three to five years of service permits 10 hours per month of accrual, and employees with five or more years of service accrue 12 hours per month. Any vacation leave in excess of 72 hours and all sick leave not utilized by the end of each year is forfeited.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

F. Statement of Cash Flows

The Allen Action Agency, Inc. considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

G. Income Tax Status

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. However, the Agency's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Agency's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Agency has undertaken an uncertain tax position that more than likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Agency, and has concluded that as of June 30, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Agency is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Agency's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

H. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(2) Due To/From Other Funds

Individual programs balance of due to and from other funds at June 30, 2017 are as follows. The following balances have been eliminated in the statement of financial position.

	<u>Due from other funds</u>	<u>Due to other funds</u>
Accounts Payable/Payroll	\$ -	\$ 8,204
Food Services	7,159	-
Energy Assistance	2,020	1,005
Emergency Food & Shelter	30	-
	<u>\$ 9,209</u>	<u>\$ 9,209</u>

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(3) Property and equipment

Property and equipment at June 30, 2017 consisted of the following:

Land	\$ 10,039
Buildings and improvements	969,033
Furniture, fixtures and equipment	<u>598,070</u>
	1,577,142
Less: Accumulated depreciation	<u>(948,393)</u>
Property and equipment, net	<u>\$ 628,749</u>

Property and equipment purchased with federal monies may revert to the government or the sale of such property and equipment must be approved, and the proceeds from the sale are restricted. Depreciation expense for the year ended June 30, 2017 totaled \$59,313.

(4) Notes Payable

The Agency's note payable balance consisted of the following at June 30, 2017:

Notes payable to Iberia Bank, original amount of \$599,879, due in monthly installments of \$3,451, which includes interest at 10.375%, maturing in October 2021, secured by land and a building.	<u>\$ 133,039</u>
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The annual requirement to amortize the note, including interest of \$35,225, follows:

Year ending June 30,	Payment Due
2018	\$ 41,408
2019	41,408
2020	41,408
2021	41,408
2022	<u>2,632</u>
	<u>\$ 168,264</u>

(5) Deferred Revenue

Deferred revenue at June 30, 2017 in the amount of \$13,101 consists of grant funds received from LIHEAP totaling \$4,071 and United Way totaling \$9,030. These funds have been received in advance of expenditures which will take place in the next fiscal year.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(6) Retirement

All employees of Allen Action Agency, Inc. participate in the Social Security System. The Agency and its employees contribute a percentage of each employee's salary to the System (6.2 % by the employer, 6.2% by the employee). Retirement amounts are paid to the Social Security System, which is responsible for administration and disbursing benefits. The Agency has no further liability for future deficits in the system.

The Agency maintains a 403(b) plan for its employees of the Headstart program and Agency administrative personnel. Under this plan there is no fixed dollar amount of retirement benefits. Employee and employer contributions determine the retirement benefits available. Contributions are invested in mutual funds, which will be administered by the custodian. Participants are eligible by completing one month of service with the Agency. Employee contributions cannot exceed \$18,000 annually. Employer contributions are discretionary and vesting is automatic. Participants may receive loans from their individual accounts up to the lesser of \$50,000 or 50% of their account balance. Loans will bear interest at a rate determined by the plan administrator. The term of loans may not exceed 5 years. Benefits paid for the years ended June 30, 2017, 2016, and 2015 were \$25,969, \$40,320 and \$39,844, respectively.

(7) Restrictions of Net Assets

Temporarily restricted net assets are available for specific grant programs at June 30, 2017 as follows:

Food reimbursement	\$ 28,165
Headstart pre-school education	488,677
Home energy assistance	<u>6,034</u>
Total temporarily restricted net assets	<u>\$522,876</u>

(8) Grant Revenue

The Agency's major source of revenue is grants from federal and state governmental entities. The use of these funds is restricted to the purpose set forth in the individual grant agreements. Such grant agreements are subject to review and audit by governmental agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of Allen Action Agency, Inc., such disallowances, if any, will not be significant.

(9) Pending Litigation

There is no pending litigation against the Allen Action Agency, Inc. at June 30, 2017.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(10) Compensation Paid to Members of the Board of Directors

Members of the Board of Directors of Allen Action Agency, Inc. receive no compensation and are reimbursed only for expenses incurred relating to the Agency's business, which must have appropriate supporting documentation.

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

A detail of compensation, benefits, and other payments paid to the Executive Director, Lyndon Livingston, for the year ended June 30, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$57,589
Retirement	1,728
Travel	961
Reimbursements	1,249
	<u>\$61,527</u>

(12) Contributed Facilities, Services, and Materials

Contributed facilities represent the estimated fair rental value of office and storage space. Contributed services represent volunteer teachers, doctors, and attorneys in which the value of the service creates or enhances non-financial assets or the service is specialized and would otherwise be purchased if not provided by donation. Contributed facilities, services, and materials are reflected in the financial statements at fair value, which amounted to \$283,720 for the year ended June 30, 2017.

(13) Concentrations

The Agency receives a substantial amount of its support from the U.S. Department of Health and Human Services - Headstart program. A significant reduction in the level of this support or suspension in funding may have a detrimental effect on the continuing operations of the Allen Action Agency, Inc.

(14) Subsequent Events

The Agency has evaluated subsequent events through December 13, 2017, the date which the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

## **INDIVIDUAL PROGRAMS/FUNDS**

### **Accounts Payable/Payroll**

The clearing accounts which are used for the disbursement of accounts payable and payroll checks for all programs.

### **Food Services Program**

To account for receipt and expenditure of federal grant funds passed through the Louisiana Department of Education for meals for needy children at Headstart locations.

### **Community Service Block Grant**

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Department of Labor to be used for administrative and other budgeted purposes.

### **Head Start Program**

To account for the receipt and expenditure of funds received from the U.S. Department of Health & Human Services which provides educational, psychological, nutritional, medical, dental and social services to needy pre-school children in the area.

### **Energy Assistance Grants**

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Housing Finance Agency to be used for the payment of home energy bills for qualifying residents of the area.

### **Parents Fund**

To account for local funds received and generated by activities of Headstart participants' parents, which are under the control of the Allen Action Agency, Inc.'s Board of Directors for outreach programs and discretionary spending.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Combining Statement of Financial Position  
June 30, 2017

	Accounts Payable/ Payroll	Food Services Program	Community Services Block Grant	Head Start Program	Energy Assistance Grants	Emergency Food & Shelter Grants	Parents Fund	Total	Eliminating Entries	Total
<b>ASSETS</b>										
Current assets:										
Cash	\$ 41,223	\$ 21,006	\$ -	\$ -	\$ 9,090	\$ 9,436	\$ 634	\$ 81,389	\$ -	\$ 81,389
Due from other funds	-	7,159	-	-	2,020	30	-	9,209	(9,209)	-
Total current assets	41,223	28,165	-	-	11,110	9,466	634	90,598	(9,209)	81,389
Property and equipment, net	-	-	-	628,749	-	-	-	628,749	-	628,749
Other assets	225	-	-	-	-	-	-	225	-	225
Total assets	<u>\$ 41,448</u>	<u>\$ 28,165</u>	<u>\$ -</u>	<u>\$ 628,749</u>	<u>\$ 11,110</u>	<u>\$ 9,466</u>	<u>\$ 634</u>	<u>\$ 719,572</u>	<u>\$ (9,209)</u>	<u>\$ 710,363</u>
<b>LIABILITIES AND NET ASSETS</b>										
Liabilities -										
Current liabilities:										
Accounts payable	\$ 1,359	\$ -	\$ -	\$ -	\$ -	\$ 436	\$ -	\$ 1,795	\$ -	\$ 1,795
Accrued salaries and related benefits	4,235	-	-	7,667	-	-	-	11,902	-	11,902
Due to other funds	8,204	-	-	-	1,005	-	-	9,209	(9,209)	-
Deferred revenue	-	-	-	-	4,071	9,030	-	13,101	-	13,101
Note payable	-	-	-	27,761	-	-	-	27,761	-	27,761
Total current liabilities	13,798	-	-	35,428	5,076	9,466	-	63,768	(9,209)	54,559
Non-current liabilities:										
Note payable	-	-	-	105,278	-	-	-	105,278	-	105,278
Total liabilities	<u>13,798</u>	<u>-</u>	<u>-</u>	<u>140,706</u>	<u>5,076</u>	<u>9,466</u>	<u>-</u>	<u>169,046</u>	<u>(9,209)</u>	<u>159,837</u>
Net assets:										
Unrestricted	27,650	-	-	-	-	-	-	27,650	-	27,650
Temporarily restricted	-	28,165	-	488,043	6,034	-	634	522,876	-	522,876
Total net assets	<u>27,650</u>	<u>28,165</u>	<u>-</u>	<u>488,043</u>	<u>6,034</u>	<u>-</u>	<u>634</u>	<u>550,526</u>	<u>-</u>	<u>550,526</u>
Total liabilities and net assets	<u>\$ 41,448</u>	<u>\$ 28,165</u>	<u>\$ -</u>	<u>\$ 628,749</u>	<u>\$ 11,110</u>	<u>\$ 9,466</u>	<u>\$ 634</u>	<u>\$ 719,572</u>	<u>\$ (9,209)</u>	<u>\$ 710,363</u>

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Schedule of Grant Revenue  
For the Year Ended June 30, 2017

LIHEAP/LACAP	\$ 17,894
Food Services Program	83,059
Community Services Block Grant	59,739
Headstart	1,134,878
Emergency Food and Shelter Program	<u>5,161</u>
	<u>\$ 1,300,731</u>

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER GRANT INFORMATION**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Retired  
Conrad O. Chapman, CPA\* 2006

## 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

Mr. Lyndon Livingston, Executive Director  
and Members of the Board of Directors  
Allen Action Agency, Inc.  
Oberlin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Allen Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2017.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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

## **Compliance and Other Matters**

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

## **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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 13, 2017

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Mr. Lyndon Livingston, Executive Director,  
and Members of the Board of Directors  
Allen Action Agency, Inc.  
Oberlin, Louisiana

### Report on Compliance for the Major Federal Program

We have audited the Allen Action Agency, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Allen Action Agency, Inc.'s major federal program for the year ended June 30, 2017. The Allen Action Agency, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditor's Responsibility*

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

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

### ***Opinion on the Major Federal Program***

In our opinion, the Allen Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

### **Report on Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 13, 2017

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Grantor/Pass Through Grantor/Program Title	Pass-through Identifying Number	CFDA Number	Expenditures
U. S. Department of Health and Human Services:			
Headstart		93.600	\$ 1,134,878
Passed through Louisiana Housing Finance Agency - Low-Income Home Energy Assistance		93.568	17,894
Passed through the Louisiana Department of Labor - Community Service Block Grant	2016-N0010	93.569	<u>59,739</u>
Total Department of Health and Human Services			<u>1,212,511</u>
U. S. Department of Agriculture:			
Passed through Louisiana Department of Education - Child and Adult Care Food Program		10.558	<u>75,476</u>
U.S. Department of Homeland Security:			
Passed through United Way - Emergency Food and Shelter Program		97.024	<u>5,161</u>
Total expenditures of federal awards			<u>\$ 1,293,148</u>

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Allen Action Agency, Inc. under programs of the federal government for the year ended June 30, 2017. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Allen Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Allen Action Agency, Inc.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Allen Action Agency, Inc. has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

(4) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the schedule of expenditures of federal awards to total expenses per statement of functional expenses is as follows:

Total expenses per statement of activities	\$ 1,542,746
Add: Principal note payments	36,030
Equipment additions	101,524
Less: In-kind contributions	(283,720)
Depreciation	(59,313)
Non-federal expense	<u>(44,119)</u>
Total expenditures per schedule of federal awards	<u>\$ 1,293,148</u>

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Allen Action Agency, Inc. were prepared in accordance with GAAP.
2. There were no significant deficiencies or material weaknesses in internal control disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major program were disclosed during the audit.
5. The auditor's report on compliance for the major federal award program expressed an unmodified opinion.
6. The audit disclosed no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The major program was the U.S. Department of Health and Human Services - Headstart Program, CFDA No. 93.600.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The Allen Action Agency, Inc. was determined to be a low-risk auditee.

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

A. **Compliance Findings –**

There were no compliance findings noted.

B. **Internal Control Findings –**

There were no internal control findings noted.

(continued)

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2017

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in 2 CFR section 200.516(a):

**A. Compliance Finding -**

There were no compliance findings noted.

**B. Internal Control Finding –**

There were no internal control findings noted.

ALLEN ACTION AGENCY, INC.  
Oberlin, Louisiana

Summary Schedule of Current and Prior Year Audit  
Findings and Corrective Action Plan  
For the Year Ended June 30, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding/ Management Letter Comment	Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken	Name of Contact Person	Anticipated Date of Completion
----------	-------------------------------------------------	------------------------------------------------------	-------------------------------	--------------------------------------------------------------------	------------------------------	--------------------------------------

CURRENT YEAR (06/30/17) --

Internal Control:

There were no internal control findings noted.

Compliance:

There were no compliance findings noted.

PRIOR YEAR (06/30/16) --

Internal Control:

There were no internal control findings noted.

Compliance:

There were no compliance findings noted.

**ALLEN ACTION AGENCY, INC.**

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2017

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board Members of the Allen  
Action Agency, Inc., and  
The Louisiana Legislative Auditor

Retired

Conrad O. Chapman, CPA\* 2006

We have performed the procedures enumerated below, which were agreed to by the management of the Allen Action Agency, Inc. (the Agency) and the Louisiana Legislative Auditor (LLA), on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Agency's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

*Written policies and procedures were obtained and address the functions noted above.*

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.

*Written policies and procedures were obtained and address the functions noted above.*

c) **Disbursements**, including processing, reviewing, and approving

*Written policies and procedures were obtained and address the functions noted above.*

d) **Receipts**, including receiving, recording, and preparing deposits

*Written policies and procedures were obtained and address the functions noted above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Written policies and procedures were obtained and address the functions noted above.*

- 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

*Written policies and procedures were obtained and address the functions noted above.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

*Written policies and procedures were obtained and address the functions noted above.*

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

*Written policies and procedures were obtained and address the functions noted above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*Not applicable.*

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

*Written policies and procedures were obtained and address the functions noted above.*

**Board (or Finance Committee, if applicable)**

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met quarterly.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*Minutes made reference to monthly budget-to-actual comparisons.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*There was no deficit spending.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.)

*For at least one meeting during the fiscal period, the minutes referenced non-budgetary financial information.*

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*Obtained listing of client bank accounts from management and management's representation that listing is complete.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*None of the bank accounts tested had any evidence that management reviewed the bank reconciliation.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Obtained bank statements and reconciliations for all months in the fiscal period noting management's documentation of research for items that have been outstanding for more than 6 months.*

### ***Collections***

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Obtained listing of cash collection locations and management's representation that the listing is complete.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded*

from selection if they are otherwise addressed in a separate audit or AUP engagement. **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*In 3 of the locations tested, the person responsible for collecting cash deposits the cash in the bank.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*In 3 of the locations tested, there is no formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Collection documentation was obtained and address the functions noted above.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*There were no exceptions noted.*

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

*In all locations tested, there is no process specifically defined to determine the completeness of all collections by a person who is not responsible for collections.*

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

- 8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*Listing of disbursements and management's representation that the listing is complete was obtained.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Examined supporting documentation for each of the 25 disbursements selected and found that purchases were initiated using a purchase order system.*

b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Examined supporting documentation for each of the 25 disbursements selected and found appropriate approval of purchase orders.*

c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Examined supporting documentation for each of the 25 disbursements and found all payments were processed with proper approval, receiving report and approved invoice.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*Written policies and procedures were obtained and do not address the functions noted above.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*Written policies and procedures were obtained and do not address the functions noted above.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*There were no exceptions noted.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*There were no exception noted.*

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

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

*Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

*Listing was obtained and randomly selected 10 cards.*

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*Monthly statements were obtained and address the functions noted above.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*No finance charges or fees were noted.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*No exceptions noted.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*No exceptions noted.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*No exceptions noted.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No exceptions noted.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions noted.*

### ***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Policies were obtained. No amounts listed exceed GSA rates.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*There were no exceptions noted.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*No exceptions noted.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions noted.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*No exceptions noted.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions noted.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

### ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Listing of all contracts in effect and management's representation that the listing is complete was obtained.*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*No exceptions noted.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*No noncompliance noted.*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*No noncompliance noted.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*Not applicable.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*No noncompliance noted.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Not applicable.*

### ***Payroll and Personnel***

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*Listing of employees with their related salaries and management's representation that the listing is complete was obtained.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*No exceptions noted.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*There were no changes in pay rate during the fiscal period for the five (5) employees/officials tested.*

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*No exceptions noted.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*No exceptions noted.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*No exceptions noted.*

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*No exceptions noted.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*For the second quarter of 2017, the state unemployment payment was not submitted correctly resulting in penalties and interest being assessed to the Agency.*

#### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Not applicable.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Not applicable.*

#### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Not applicable.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Not applicable.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not applicable.*

#### ***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.lla.la.gov/hotline](http://www.lla.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Required notices were posted on the entity's premises and website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions noted.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 13, 2017