

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2019

Marsha O. Millican  
A Professional Accounting Corporation  
Shreveport, Louisiana

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

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# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## Independent Auditor's Report

Board of Directors  
Louisiana Association on Compulsive Gambling  
Shreveport, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Louisiana Association on Compulsive Gambling (a nonprofit organization) which comprise the statement of financial position as of June 30, 2019, 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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 Association's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

810 WILKINSON  
SHREVEPORT, LA 71104-3036  
(318) 221-3881  
FAX: (318) 221-4641

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Association on Compulsive Gambling as of June 30, 2019, 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 Information**

**Supplemental Information**

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of state contracts and schedule of compensation, benefits, and other payments to agency head listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. This information is the responsibility of managements and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such 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 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 my opinion, the information is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated November 22, 2019 on my consideration of Louisiana Association on Compulsive Gambling's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Louisiana Association on Compulsive Gambling's internal control over financial reporting and compliance.



Certified Public Accountant  
November 22, 2019

## LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

## Statement of Financial Position

June 30, 2019

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 29,284
Grants and Contracts Receivable	<u>367,317</u>
Total Current Assets	396,601
PROPERTY AND EQUIPMENT (NET)	386,139
OTHER ASSETS	
Deposits	<u>6,111</u>
Total Assets	<u>\$ 788,851</u>
LIABILITIES AND NET ASSETS	
Accounts Payable and Accrued Expenses	\$ 30,706
Compensated Absences Payable	5,314
Deferred Revenue	<u>5,500</u>
Total Current Liabilities	<u>41,520</u>
Total Liabilities	<u>41,520</u>
Net Assets:	
With Donor Restrictions	-
Without Donor Restrictions	<u>747,331</u>
Total Net Assets	<u>747,331</u>
Total Liabilities and Net Assets	<u>\$ 788,851</u>

The accompanying notes are an integral part of this statement.

## LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

## Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 84,941	\$ 5,751	\$ 90,692
Total Support	84,941	5,751	90,692
Revenues:			
Program Service Fees	1,415,465	-	1,415,465
Miscellaneous	17,034	-	17,034
Total Revenues	1,432,499	-	1,432,499
Total Support and Revenue	1,517,440	5,751	1,523,191
Net Assets Released from Restrictions:			
Satisfaction of Usage Restrictions	5,751	(5,751)	-
Total Support and Revenues	1,523,191	-	1,523,191
EXPENSES			
Program Expenses	1,253,412	-	1,253,412
Management and General	204,347	-	204,347
Total Expenses	1,457,759	-	1,457,759
Change in Net Assets	65,432	-	65,432
Net assets, beginning of year	681,899	-	681,899
Net assets, end of year	\$ 747,331	\$ -	\$ 747,331

The accompanying notes are an integral part of this statement.

## LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

## Statement of Functional Expenses

For the Year Ended June 30, 2019

	CORE	Help Line Center	Intensive Outpatient Program	Management and General	Total
Salaries and Benefits	\$ 272,486	\$ 495,749	\$ 107,484	\$ 142,726	\$ 1,018,445
Education and Awareness	186	605	-	211	1,002
Occupancy	45,419	73,431	15,645	7,137	141,632
Professional Services	41,384	26,662	16,891	15,627	100,564
Printing	1,194	-	-	142	1,336
Supplies	46,306	13,668	5,291	6,400	71,665
Information Technologies	6,611	7,029	5,316	3,646	22,602
Travel	8,333	4,591	1,158	10,471	24,553
Depreciation	19,279	6,147	820	740	26,986
Interest	1,062	2	1	906	1,971
Other	13,050	16,544	1,068	16,341	47,003
Total Expenditures	<u>\$ 455,310</u>	<u>\$ 644,428</u>	<u>\$ 153,674</u>	<u>\$ 204,347</u>	<u>\$ 1,457,759</u>

The accompanying notes are an integral part of this statement.

## LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

## Statement of Cash Flows

For the Year Ended June 30, 2019

## CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 65,432
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	26,986
Changes in net assets and liabilities:	
Increase in contracts receivable	(165,032)
Increase in deposits	(6,111)
Increase in accounts payable and accrued expenses	3,001
Decrease in compensated absences payable	(2,032)
Increase in deferred revenue	<u>4,000</u>
Net cash provided by operating activities	<u>(73,756)</u>
CASH FLOWS USED BY FINANCING ACTIVITIES	
Principal payments on notes payable	(47,648)
Purchase of fixed assets	<u>(33,375)</u>
Net cash used by financing activities	<u>(81,023)</u>
Net increase in cash	(154,779)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>184,063</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 29,284</u></u>

The accompanying notes are an integral part of this statement.

# LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

## Notes to Financial Statements

June 30, 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### A. General:

Louisiana Association on Compulsive Gambling (the Association) is a nonprofit organization exempt from Federal income tax purposes under IRS Code Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes. The purpose of the Association is to provide assistance through treatment and helpline services to individuals and families who may be affected by problem gambling, substance use, or suicide.

#### B. Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### C. Basis of Presentation:

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Association's management and board of directors.

**Net assets with donor restrictions:** These assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, these net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### D. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Association's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

E. Cash and Cash Equivalents:

For the purpose of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

F. Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to ten years.

G. Contributions:

All contributions received are considered available for use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as donor restricted support that increases net assets with donor restrictions.. When a donor restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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 accounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Functional expenses:

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and Effort
Education and awareness	Time and Effort
Occupancy	Square Footage
Professional services	Full Time Equivalent
Printing	Full Time Equivalent
Supplies	Time and Effort
Information technologies	Full Time Equivalent
Travel	Time and Effort
Depreciation	Square Footage
Interest	Full Time Equivalent
Other	Time and Effort

J. New accounting pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. The Association has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

2. GRANTS AND CONTRACTS RECEIVABLE:

Grants and contracts receivable as of June 30, 2019 are as follows:

Department of Health and Hospitals	\$ 338,786
Other Receivables	<u>28,531</u>
Total receivables	<u><u>\$ 367,317</u></u>

3. AVAILABILITY AND LIQUIDITY

The following represents the Association's financial assets as of June 30, 2019:

Financial assets at year end:

Cash and equivalents	\$ 29,284
Grants and contracts receivable	<u>367,317</u>
Total financial assets	\$ 396,601

Less amounts not available to be used within one year:

Net assets with donor restrictions	-
Less net assets with purpose restriction to be met in less than a year	<u>-</u>
	<u>-</u>

Financial assets available to meet general expenditures over the next twelve months

\$ 396,601

The Association's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in interest-bearing accounts.

4. FIXED ASSETS:

Fixed assets at June 30, 2019 consisted of the following:

Building	\$ 379,290
Leasehold Improvements	209,795
Furniture and Fixtures	109,420
Equipment and Vehicles	<u>290,808</u>
Total Costs	989,313
Less Accumulated Depreciation	<u>(603,174)</u>
Property and Equipment - Net	<u><u>\$386,139</u></u>

5. NET ASSETS

Net assets with donor restrictions were as follows for the year ended June 30, 2019:

Specific Purpose	<u><u>\$ -</u></u>
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Net assets without donor restriction for the year ended June 30, 2019 are as follows:

Undesignated	<u><u>\$ 747,331</u></u>
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Net assets released from net assets with donor restrictions are as follows:

	<u>2019</u>
Satisfaction of Purpose Restrictions	
CORE Program	\$ 5,500
Help Line	201
IOP Program	<u>50</u>
Total	<u><u>\$ 5,751</u></u>

6. DONATED MATERIAL AND SERVICES:

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. No amounts have been reflected in the statements for donated services, inasmuch as no objective basis is available to measure the value of such services; and the donated services do not create a nonfinancial asset.

7. CONCENTRATION OF CREDIT RISKS:

All cash deposits are fully insured by FDIC insurance.

8. NOTES PAYABLE:

During the year ended June 30, 2019, the Association paid \$47,648, the principal balance due on a note payable. The Association has no notes payable at June 30, 2019.

9. OPERATING LEASES:

Beginning December 12, 2018, the Association entered into a 63 month operating for new office space with monthly payments of \$-0- for the first three months and \$6,111 for the next 60 months. Future minimum lease payments are as follows: 2020 - \$73,332; 2021 - \$73,332; 2022- \$73,332; 2023 - \$73,332; 2024 - \$54,000.

10. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through November 22, 2019, the date that the financial statements were available to be issued, and determined that no additional disclosures are necessary.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of State Contracts

For the Year Ended June 30, 2019

<u>PROGRAM TITLE</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Louisiana Department Of Health & Hospitals:			
Core Treatment Center	\$ 343,575	\$ 340,823	\$ 340,823
Help Line	430,700	556,836	556,836
Intensive Outpatient Treatment	140,000	139,799	139,799
Gambling Outpatient	43,470	37,289	37,289
Education and Public Awareness	<u>44,685</u>	<u>15,674</u>	<u>15,674</u>
Total - All State Contracts	<u>\$1,002,430</u>	<u>\$ 1,090,421</u>	<u>\$ 1,090,421</u>

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of Compensation, Reimbursements, Benefits, and Other Payments  
to Agency Head

For the Year Ended June 30, 2019

Agency Head: Janet Miller, Executive Director

Salary	<u>\$ 75,350</u>
Payroll Taxes	<u>\$ 5,881</u>
Insurance	<u>\$ 7,964</u>
Reimbursements	<u>\$ 590</u>
Travel	<u>\$ 7,216</u>

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Corrective Action Taken on Prior Year Findings

For the Year Ended June 30, 2019

There were no findings for the year ended June 30, 2018.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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*

Board of Directors  
Louisiana Association on Compulsive Gambling  
Shreveport, Louisiana

I 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 Louisiana Association on Compulsive Gambling, as of and for the year ended June 30, 2019, and related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued my report thereon dated November 22, 2019.

### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Louisiana Association on Compulsive Gambling's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation 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 Association's financial statements will not be prevented, or detected 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I 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 Louisiana Association on Compulsive Gambling's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

810 WILKINSON  
SHREVEPORT, LA 71104-3036  
(318) 221-3881  
FAX: (318) 221-4641

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountant  
November 22, 2019

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of Findings

For the Year Ended June 30, 2019

Summary of Audit Results

1. The auditor's report expressed an unmodified opinion on the financial statements.
2. No significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit.

There were no findings for the year ended June 30, 2019.



**Marsha O. Millican**  
A PROFESSIONAL ACCOUNTING CORPORATION

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

To the Board of Directors  
Louisiana Association on Compulsive Gambling  
Shreveport, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Board of Directors of Louisiana Association on Compulsive Gambling (the Association) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Council's management is responsible for those control and compliance 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 the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Council. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

My procedures and associated findings are enumerated below.

***Written Policies and Procedures***

***(The following written policies and procedures were not reviewed since there were no exceptions for the prior year, with the exception of the new policy added for Year 3, Disaster Recovery/Business Continuity.)***

1. I obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring and amending the budget.
  - 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.
  - c) ***Disbursements***, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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.
- 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 of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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.
- j) **Debt Service**, including (1) debt insurance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Procedure Results - No exceptions noted.

### ***Board or Finance Committee***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
- c) For governmental entities, obtain the prior year audit and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 individual accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliation include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/ board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

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

***(The following procedures were not performed since there were no exceptions in the prior year.)***

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the entity has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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***(The following procedures were not performed since there were no exceptions in the prior year.)***

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved in writing (or electronically approved) by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

***(The following procedures were not performed since there were no exceptions in the prior year.)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly, select 5 contracts (or all contracts if less than 5) from the listing and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change orders, observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

***(The following procedures were not performed since there were no exceptions in the prior year.)***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employee's/official, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly, select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employees/officials' authorized pay rates in the employees/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

***(The following procedures were not performed since they are not applicable to non-profit entities.)***

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20. Using the 5 randomly selected employees/officials from procedure #16 under 'Payroll and Personnel' above, obtain ethics documentation from management, and:
  - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Debt Service*

*(The following procedures were not performed since there were no exceptions in the prior year.)*

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*Other*

*(The following procedures were not performed since there were no exceptions in the prior year.)*

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

I was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Council and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties.

*Maudie D. Milligan*

Certified Public Accountant

November 22, 2019