

SOUTHWEST LOUISIANA AIDS COUNCIL

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southwest Louisiana AIDS Council
Lake Charles, Louisiana

I have audited the accompanying statements of Southwest Louisiana AIDS Council (a nonprofit Agency), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements as listed in the table of contents.

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 the 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 of 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, 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.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Louisiana AIDS Council as of December 31, 2018, 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.

Report on Summarized Comparative Information

I have previously audited the Southwest Louisiana AIDS Council's 2017 financial statements, and I expressed an unmodified opinion on those audited financial statements in my report dated June 22, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2019, on my consideration of Southwest Louisiana AIDS Council's internal control over financial reporting and on my 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 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 Southwest Louisiana AIDS Council's internal control over financial reporting and compliance.

Other Information

My 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, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, and the Schedule of Compensation, Benefits and Other Payments, 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 24, 2019

Southwest Louisiana AIDS Council
STATEMENT OF FINANCIAL POSITION

December 31, 2018
with comparative totals for 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 956,833	\$ 986,625
Cash restricted for capital projects	12,638	24,411
Grants receivable	344,017	302,949
Program Receivable	260,018	123,551
Other current assets	18,600	16,442
Deferred tax asset - federal	1,355	1,355
Total current assets	1,593,461	1,455,333
 PROPERTY AND EQUIPMENT		
Furniture and equipment	120,836	93,794
Leasehold improvements	179,240	147,824
	300,076	241,618
Less accumulated depreciation	(176,171)	(154,368)
Net property and equipment	123,905	87,250
 OTHER ASSETS		
Other receivable	15,410	17,083
 Total Assets	\$ 1,732,776	\$ 1,559,666

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

Southwest Louisiana AIDS Council
STATEMENT OF FINANCIAL POSITION

December 31, 2018
with comparative totals for 2017

LIABILITIES

	2018	2017
CURRENT LIABILITIES		
Accounts payable	\$ 492,769	\$ 345,879
Payroll taxes payable	6,166	16,093
Compensated absences payable	34,811	25,719
Other accrued liabilities	9,333	2,717
Deferred support	3,750	3,750
Total current liabilities	546,829	394,158
Total liabilities	546,829	394,158
NET ASSETS		
Without donor restrictions	1,173,309	1,141,097
With donor restrictions	12,638	24,411
Total net assets	1,185,947	1,165,508
Total Liabilities and Net Assets	\$ 1,732,776	\$ 1,559,666

Southwest Louisiana AIDS Council

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018
with comparative totals for 2017

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS AND OTHER SUPPORT				
Government Grants	\$ 1,823,000	\$ -	\$ 1,823,000	\$ 1,678,859
340 B Program Income	2,241,936	-	2,241,936	1,678,566
Contributions	59,687	-	59,687	54,310
Non-Government Grants	150,627	-	150,627	48,928
Interest Income	4,822	-	4,822	1,886
Miscellaneous Income	7,378	-	7,378	14,653
Bingo revenues	412,608	19,643	432,251	420,095
Fund-raising/special events	(13)	-	(13)	37,307
Total revenues and gains	4,700,045	19,643	4,719,688	3,934,604
Net assets released from restrictions	31,416	(31,416)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	4,731,461	(11,773)	4,719,688	3,934,604
EXPENSES AND LOSSES				
Program service-community services	4,290,050	-	4,290,050	3,839,261
Management and general	49,766	-	49,766	49,431
Fund-raising/special events	9,106	-	9,106	5,867
Bingo	350,327	-	350,327	339,473
TOTAL EXPENSES AND LOSSES	4,699,249	-	4,699,249	4,234,032
CHANGE IN NET ASSETS	32,212	(11,773)	20,439	(299,428)
NET ASSETS AT BEGINNING OF YEAR	1,141,097	24,411	1,165,508	1,464,936
NET ASSETS AT END OF YEAR	\$ 1,173,309	\$ 12,638	\$ 1,185,947	\$ 1,165,508

Southwest Louisiana AIDS Council
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018
with comparative totals for 2017

	Program Services	Management and General	Fund Raising	Bingo	Total Program and Supporting Service Expense	
					2018	2017
Advertising and public relations	\$ 880	\$ 2,154	\$ 221	\$ 7,750	\$ 11,005	\$ 15,768
Bank fees	2,096	216	1	299	2,612	2,794
Client Assistance	542,256	764	2,089	-	545,109	469,399
Cost of 340 B Program	1,569,437	-	-	-	1,569,437	1,198,510
Donations - Other Non Profits	-	-	-	-	-	4,213
Gaming Fees	-	-	-	72,969	72,969	71,982
Income tax expenses - current	-	-	-	17,792	17,792	11,915
Insurance	27,134	-	-	-	27,134	40,763
Interest expense	-	-	-	-	-	137
Miscellaneous	565	1,372	-	505	2,442	839
Office supplies	45,827	592	-	619	47,038	34,634
Medical services	299,906	-	-	-	299,906	356,632
Payroll taxes	96,408	970	-	6,384	103,762	90,938
Postage	1,722	81	-	-	1,803	961
Printing and publications	3,311	-	49	-	3,360	898
Professional fees	32,454	10,200	146	12,890	55,690	50,133
Program Food and Beverage	2,876	12,139	-	-	15,015	19,213
Program Supplies	875	-	-	-	875	6,851
Rent and occupancy	227,716	6,194	-	93,000	326,910	305,523
Equipment and computer maintenance	58,026	849	-	-	58,875	76,321
Salaries and benefits	1,270,026	5,190	-	79,494	1,354,710	1,324,378
Sponsored Events	19,048	592	1,200	-	20,840	16,652
Supplies	-	-	-	58,625	58,625	55,814
Taxes and licenses	-	-	-	-	-	1,090
Telephone and internet	12,918	-	-	-	12,918	10,992
Travel and transportation	53,780	8,453	5,400	-	67,633	44,015
Total before depreciation and other expense	4,267,261	49,766	9,106	350,327	4,676,460	4,211,365
Depreciation	22,789	-	-	-	22,789	22,667
TOTAL EXPENSES	\$ 4,290,050	\$ 49,766	\$ 9,106	\$ 350,327	\$ 4,699,249	\$ 4,234,032

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

Southwest Louisiana AIDS Council

STATEMENT OF CASH FLOWS

**Year Ended December 31, 2018
with comparative totals for 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 20,439	\$ (299,428)
Adjustments to reconcile change in net assets to net cash provided by (used) by operating activities		
Depreciation	22,789	22,667
(Increase) decrease in operating assets		
Grants receivable	(41,068)	67,782
Other current assets	(2,158)	(9,395)
Other receivable	1,673	(17,083)
Program receivable	(136,467)	28,442
Increase (decrease) in operating liabilities		
Accounts payable	146,890	30,506
Other payable - related party	-	-
Deferred support	-	(375)
Payroll tax payable	(9,927)	1,204
Accrued wages	9,092	-
Accrued liabilities	6,616	(2,608)
Income tax payable	-	(770)
NET CASH FROM OPERATING ACTIVITIES	17,879	(179,058)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, equipment and improvements	(59,444)	(30,495)
NET CASH FROM INVESTING ACTIVITIES	(59,444)	(30,495)
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit advances		-
Repayments of line of credit	-	-
NET CASH FROM FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(41,565)	(209,553)
BEGINNING CASH AND CASH EQUIVALENTS	1,011,036	1,220,589
ENDING CASH AND CASH EQUIVALENTS	\$ 969,471	\$ 1,011,036
Supplemental Disclosure for Cash Flow Information:		
Cash paid during year for interest	\$ -	\$ 137
Income tax paid during year	\$ 14,663	\$ 21,885

Southwest Louisiana AIDS Council
Notes to Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Southwest Louisiana AIDS Council have been prepared on the accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for voluntary health and welfare organizations.

1. Agency and Purpose

Southwest Louisiana AIDS Council (SLAC) is a 501 (c) (3) Louisiana not-for-profit Agency founded in 1987 whose mission is: To provide education and prevention services to the public about HIV/AIDS prevention and to provide housing assistance, social and medical services to people living with HIV/AIDS in the region. SLAC provides services to the residents of five parishes of Allen, Beauregard, Calcasieu, Cameron and Jeff Davis.

SLAC is the Ryan White Part B and Housing Opportunities for People Living with AIDS (HOPWA) grantee, through the Louisiana Department of Health and Hospitals. SLAC also is the grantee for the Ryan White HIV/AIDS Program Part C, Early Intervention Services and Ryan White Part D Program, Coordinated HIV Services and Access to Research for Women, Infants and Children and Youth, (WICY), and has partnered with the Comprehensive Care Clinic (CCC) since 2000.

SLAC-CCC services include: counseling, testing and referral services (CTRS); linkage and navigation services; laboratory, primary medical and HIV care; psychiatry, mental health and substance use/addiction services; medical case management including high risk medical case management and non-medical case management with insurance enrollment; treatment adherence counseling and pharmacy services; nutrition assessments, nutrition therapy, and food pantries; oral health, refractive vision care, medical transportation, as well as peer support groups and small group therapy sessions. In addition, SLAC provides in-house training about HIV/AIDS to individuals and families, to faith-based and civic Agencies, in primary and secondary educational institutions as well as providing education programs and curriculum at health fairs, community forums, and through other events and activities.

The CCC Medical Director and SLAC Executive Director partner together to provide a comprehensive continuum of quality care for people living with HIV/AIDS in Southwest Louisiana by maximizing effective utilization of resources and by reducing duplication of services. Both entities have extensive knowledge and experience in the provision of HIV services and in federal, state and private grant management.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASU 2016-14, Financial Statements of Not-for-Profit Entities. Under FASB ASU 2016-14, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions include amounts that are not subject to usage restrictions on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. Net assets with

Southwest Louisiana AIDS Council
Notes to Financial Statements
December 31, 2018

donor restrictions include assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Agency. Certain restrictions may need to be maintained in perpetuity.

3. Cash and Cash Equivalent

For purposes of the Statements of Cash Flows, the Agency considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amount of assets and liabilities, 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. Actual results could differ from those estimates.

5. Property and Equipment

The Agency follows the practice of capitalizing all furniture and fixtures acquired in excess of \$500. Donated fixed assets are recorded as support at their estimated fair value at the date of donation; all other fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$22,789 for the year ended December 31, 2018, based on an estimated useful life of five years for furniture, fixtures and equipment and fifteen years for leasehold improvements.

6. Concentration of Revenue and Support

A majority of the revenue for the Agency's programs is provided by, government grants (39%), the Agency's participation in the 340B program (48%), and bingo revenues (9%) and by various donors through contributions and fundraisers. If the Agency no longer held the bingo sessions, or no longer participated in the 340B Program, or there were significant reductions in amounts received in funding or by donors, the operations of the Agency could be adversely impacted.

7. Restricted and Unrestricted Revenue Support

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restriction.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Southwest Louisiana AIDS Council
Notes to Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Advertising Costs

Advertising costs are charged to operations when incurred. For the year ended December 31, 2018, the Agency incurred \$9,448 in publicity and promotion costs.

9. Contributed Goods and Services

A substantial number of volunteers have donated significant amounts of their time to the Agency and its various programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

10. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

NOTE B - FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Agency in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, short-term unconditional promises to give, and accruals: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Short-term investments: The fair value of investments is based on quoted market prices for those similar investments.

NOTE C - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Agency's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Agency's estimates of the amount of each expense utilized for program or support service functions.

**Southwest Louisiana AIDS Council
Notes to Financial Statements
December 31, 2018**

NOTE D - RETIREMENT PLAN

The Agency adopted and participates in a Simplified Employee Pension Plan (SEP) that covers all full-time employees fulfilling the eligibility requirements set by the plan underwriter. The Agency's contribution rate to the plan is 4% of eligible gross wages. Total contributions to the plan for the year ended December 31, 2018 were \$36,356.

NOTE E - INCOME TAXES

Southwest Louisiana AIDS Council was incorporated under the laws of the state of Louisiana. The Agency is operated exclusively for charitable services and has qualified for the exemption from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. The Agency is subject to income tax on unrelated business income which includes the net pull tab profit received from the bingo operations. Income tax amounted to \$17,792 for the year ended December 31, 2018.

Southwest Louisiana AIDS Council is required to file the applicable Form 990, *Return of Agency Exempt from Income Tax*, and Form 990-T, *Exempt Agency Business Income Tax Return*. The Agency believes that has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Returns are subject to examination by the IRS, generally for three years after they are filed.

NOTE F – WITH DONOR RESTRICTIONS GRANTS/ ENDOWMENT FUND

With donor restrictions net assets consist of the Slade-Stewart endowment fund. Donations, so designated, are to be segregated in a bank account and be utilized for capital projects of the agency.

Balance January 1, 2018		\$ 24,411
Contributions received		19,643
Expended for capital improvements		<u>31,416</u>
Balance December 31, 2018		<u>\$ 12,638</u>

NOTE G - COMPENSATED ABSENCES

Annual and sick leave is earned by each full-time and each part-time associate, temporary employees are not entitled to annual paid leave or sick leave. Annual leave for the preceding year must be used within three months following the completion of the year of its accrual. Failure to use the annual leave by this date results in the employee's forfeiture of the unused amount of annual leave. Any unused sick leave is forfeited by the employee at their time of resignation or retirement.

**Southwest Louisiana AIDS Council
Notes to Financial Statements
December 31, 2018**

NOTE H – 340 B PROGRAM

The Agency participates in the 340B Prescription Drug Program. Income and expenses for the program were as follows for the year ended December 31, 2018:

	2018
Program income	\$ 2,241,936
Cost of medications sold	<u>1,135,004</u>
Gross profit	1,106,932
Management fees and other	<u>434,433</u>
Net margin	<u>\$ 672,499</u>

NOTE I - LEASES

The Agency leases its office facility under a five-year lease agreement with Ribbons of Hope, Inc.. The lease began on April 1, 2015 and is for a term of five years. The lease has ten five year options to extend the lease. The lease is a non-cancelable operating lease agreement. The base rent is equal to the mortgage note payable by the lessor on the leased premises or ten thousand dollars, whichever is greater. The following is a schedule of future minimum rental payments under this lease agreement:

Year ending December 31:	
2019	\$ 125,992
2020	\$ 125,992
2021	\$ 41,997

NOTE J – RELATED PARTY TRANSACTIONS

The lease described in Note I above was executed with Ribbons of Hope, Inc. The Executive Director of the Agency is a non-voting attendee at Ribbons of Hope, Inc. board meetings. The Treasurer of the Agency’s Board of Directors also serves as the President of Ribbons of Hope Inc. The Agency owed \$203,400 to Ribbons of Hope, Inc. as of December 31, 2018 and \$79,100 as of December 31, 2017, for rent.

**Southwest Louisiana AIDS Council
Notes to Financial Statements
December 31, 2018**

NOTE K – CASH AND CASH EQUIVALENTS

The Agency maintains the following cash accounts:

		December 31, 2018
Petty Cash Accounts	\$	329
Operating Account		243,217
Operating Gaming		74,212
Cash on Hand Gaming		8,190
Savings Board Reserved		603,734
Endowment Fund		<u>24,253</u>
	\$	<u>953,935</u>

NOTE L - CONCENTRATION OF RISK

Southwest Louisiana AIDS Council maintains cash balances at several financial institutions located in Southwest Louisiana. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC), based on balances and interest rate terms. Amounts held in financial institutions occasionally are in excess of Federal Deposit Insurance Corporation limits. The Agency deposits its cash with high quality financial institutions, and management believes the Agency is not exposed to significant credit risk on those amounts.

NOTE M – LINE OF CREDIT

The Agency has a revolving line of credit with Iberia Bank for \$100,000 at a variable rate of interest. The maturity date on the line of credit is October 2018. As of December 31, 2018, the Agency owed \$-0- on the line of credit.

NOTE N – GRANTS RECEIVABLE

Grants receivable consisted of amounts due from state and federal agencies passed through the State of Louisiana, Department of Health and Hospitals. The balance at December 31, 2018 was \$344,017 and \$302,949 at December 31, 2017.

NOTE O - SUBSEQUENT EVENT

The Agency evaluated its December 31, 2018 financial statements for subsequent events through the date of the audit report, the date the financial statements were available to be issued. The Agency is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Southwest Louisiana AIDS Council
Notes to Financial Statements
December 31, 2018

NOTE P – QUANTITATIVE AND QUALITATIVE LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Agency’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the board of directors approves that action.

	2018
Current assets	1,593,461
Subtract: cash restricted for capital projects	(12,638)
Subtract: deferred asset	(1,355)
Subtract: board-designated operating reserves	<u>(603,734)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 975,734</u>

Southwest Louisiana AIDS Council

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2018**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Year</u>	<u>Program Revenues</u>	<u>Program Expenditures</u>
U. S. Department of Health and Human Services				
Direct Programs:				
Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Part C)	93.918	1/1/18 - 12/31/18	\$ 601,126	\$ 601,126
Coordinated Services and Access for Women, Infants, Children and Youth (Ryan White HIV/AIDS Part D)	93.153	1/1/18 - 12/31/18	560,784	560,784
Passed-through the State of Louisiana :				
Department of Health and Hospitals Office of Public Health HIV Care Formula Grants (Ryan White HIV/AIDS Part B)				
	93.917	1/1/18 - 12/31/18	346,281	346,281
Department of Health and Hospitals Office of Public Health Housing Opportunities for Persons with AIDS				
	14.241	1/1/18 - 12/31/18	<u>314,809</u>	<u>314,809</u>
Total federal assistance			<u>\$ 1,823,000</u>	<u>\$ 1,823,000</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southwest Louisiana AIDS Council and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 of U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Certain costs have been allocated to the federal program in accordance with OMB Circular A-122, *Cost Principles of Non-Profit Organizations*. The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.

Southwest Louisiana AIDS Council

Schedule of Compensation, Benefits and Other Payments to Executive Director

Paid from Public Funds

December 31, 2018

Agency Head Name: Terry Estes, Executive Director

Purpose	Amount
Salary	\$65,125
Benefits-health insurance	\$8,855
Benefits-retirement	\$2,605
Benefits-Life, ADD, LTD	\$114
Car allowance	\$0
Vehicle provided by government	\$0
Per diem for out of town meals	\$3,734
Reimbursements – Auto Mileage Reimb	\$0
Travel	\$956
Registration fees	\$845
Conference travel	\$4,952
Continuing professional education fees	\$263
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$1,158

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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
Southwest Louisiana AIDS Council
Lake Charles, LA

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 Southwest Louisiana AIDS Council (a nonprofit Agency), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 24, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Southwest Louisiana AIDS Council's internal control over financial reporting (internal control) 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 Southwest Louisiana AIDS Council's internal control. Accordingly, I do not express an opinion on the effectiveness of Southwest Louisiana AIDS Council'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.

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. 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 Southwest Louisiana AIDS Council's financial statements are free from 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*.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 24, 2019

STEVEN M. DEROUEN & ASSOCIATES

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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

Board of Directors
Southwest Louisiana AIDS Council
Lake Charles, LA

Report on Compliance for Each Major Federal Program

I have audited Southwest Louisiana AIDS Council's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southwest Louisiana AIDS Council's major federal programs for the year ended December 31, 2018. Southwest Louisiana AIDS Council's major federal programs are 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

My responsibility is to express an opinion on compliance for each of Southwest Louisiana AIDS Council's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Southwest Louisiana AIDS Council's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Southwest Louisiana AIDS Council's compliance.

Opinion on Each Major Federal Program

In my opinion, Southwest Louisiana AIDS Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of Southwest Louisiana AIDS Council 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 Southwest Louisiana AIDS Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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, I do not express an opinion on the effectiveness of Southwest Louisiana AIDS Council'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.

My 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 my 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.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
June 24, 2019

Southwest Louisiana AIDS Council
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

Section I – Summary of Auditor’s Results

1. The auditors’ report expresses an unmodified opinion on the financial statements of the Southwest Louisiana AIDS Council.
2. There were no significant deficiencies in internal control required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
3. There were no material weaknesses in internal control required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
4. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.
5. There were no significant deficiencies in internal control over major federal award programs required to be disclosed by the Uniform Guidance.
6. The auditors’ report on compliance for the major federal award programs for the Southwest Louisiana AIDS Council expresses an unmodified opinion on all major federal programs.
7. The audit disclosed no findings required to be reported in accordance with the Uniform Guidance.
8. The programs tested as a major program included:
 - Coordinated Services and Access to Research for Women, Infants, Children and Youth - CFDA 93.153
 - Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease - CFDA 93.918
9. The threshold for distinguishing Type A and B programs was \$750,000.
10. The Southwest Louisiana AIDS Council was determined to be a low risk auditee as defined by Uniform Guidance.

Section II – Findings related to financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

There were no current year findings.

Section II – Findings and questioned costs for federal awards which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance):

There were no current year findings.

**Southwest Louisiana AIDS Council
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2017**

NONE REPORTED

STEVEN M. DEROUEN & ASSOCIATES

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AGREED-UPON PROCEDURES REPORT

SOUTHWEST LOUISIAN AIDS COUNCIL

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD OF JANUARY 1, 2018 THROUGH DECEMBER 31, 2018

To the Board of Commissioners and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Southwest Louisiana AIDS Council 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 period January 1, 2018 through December 31, 2018. The Entity'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, I 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 and inspect the entity's written policies and procedures and observe 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.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Observation: *Although written policies for some areas exist, the policies have not been updated in several years.*

Management's Response: *The agency will review accounting and financial policies for possible revision.*

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - 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. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report 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.

There were no observations noted in the prior year's testing, therefore the above procedures are not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, 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.

There were no observations noted resulting from the application of these procedures.

Collections

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 location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if 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 ledgers, 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 5 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - 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 location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Not applicable.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, 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 the 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 that 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.

There were no observations noted in the prior year's testing, therefore the above procedures are not applicable.

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

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, 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.]
 - 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).

There were no observations noted in the prior year's testing, therefore the above procedures are not applicable.

Travel and Travel-Related Expense Reimbursements

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 U.S. General Services Administration (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.

There were no observations noted in the prior year's testing, therefore the above procedures are not applicable.

Contracts

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

There were no observations noted in the prior year's testing, therefore the above procedures are not applicable.

Payroll and Personnel

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 employees/officials, 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). (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.)
 - 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 employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/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.

There were no observations noted in the prior year's testing, therefore the above procedures are not applicable.

Ethics

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.

Not applicable.

Debt Service

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 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.

Not applicable.

Other

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.

There were no observations noted in the prior year's testing, therefore the above procedures are not applicable.

I was 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, 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.

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 result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Steven M. DeRouen & Associates

June 24, 2019
Lake Charles, Louisiana