

THE COORDINATING AND DEVELOPMENT CORPORATION
STATEMENT OF NET ASSETS
STATEMENTS OF ACTIVITIES, FUNCTIONAL EXPENSES,
AND CASH FLOWS

JUNE 30, 2019

INDEX

	<u>Page</u>
Independent Auditor's Report	2-3
Statement of Financial Position - June 30, 2019	4
Statement of Activities for the Year Ended June 30, 2019	5
Statement of Functional Expenses - Program Services for the Year Ended June 30, 2019	6
Statement of Cash Flows for the Year Ended June 30, 2019	7
Notes to Financial Statements	8-21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	24-25
Combined Financial Position - June 30, 2019	26
Combined Statement of Revenues, Expenditures, and Other Sources/Uses for the Year Ended June 30, 2019	27
Combined Statement of Cash Flows for the Year Ended June 30, 2019	28
Schedule of Federal Awards for the Year Ended June 30, 2018	29
Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2019	30
Schedule of Findings and Questioned Cost for the Year Ended June 30, 2019	31
Management's Corrective Action Plan for the Year Ended June 30, 2019	32
Supplementary Information in Accordance with Louisiana Revised Statute 24:513(a)(3) (Act 706 of 2014) Schedule of Compensation, Benefits, and Other Payments to Agency Head For the Year Ended June 30, 2019	33

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

December 28, 2019

Board of Directors
Coordinating and Development Corporation
Shreveport, Louisiana

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coordinating and Development Corporation, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coordinating and Development Corporation, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying supplementary information, Combined Financial Statements on pages 25-27 and the Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 32, are presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 28-29 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole

Effect of Adopting New Accounting Standard

As discussed in Note A, the Financial Accounting Standards Board issued Accounting Standards Update ("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 return. Coordinating and Development Corporation adopted the ASU 2016-14 for the year ended June 30, 2019, and it has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2019, on our consideration of the Coordinating and Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

THE COORDINATING AND DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

Assets	
Current	
Cash & Cash Equivalents	\$ 231,990
Current Portion of Notes Receivable	7,204
Accounts Receivable	<u>291,939</u>
Total Current Assets	<u>531,133</u>
Other Assets	
Note Receivable (Net of Current Portion)	<u>72,369</u>
Total Other Assets	72,369
Equipment (Net of Accumulated Depreciation of \$31,707)	<u>0</u>
Total Assets	<u>\$ 603,502</u>
Liabilities & Net Assets	
Current	
Accounts Payable	\$ 374,429
Interest Payable	95
Current Portion of Notes Payable	<u>3,926</u>
Total Current Liabilities	<u>378,450</u>
Long Term Liabilities	
Note Payable-USDA (Net of Current Portion)	<u>96,939</u>
Total Long Term Liabilities	<u>96,939</u>
Total Liabilities	<u>475,389</u>
Net Assets	<u>128,113</u>
Without Donor Restrictions:	
Designated by Board for Specific Purpose	128,113
With Donor Restrictions:	
Restricted for Specific Purpose	<u>0</u>
Total Net Assets	<u>128,113</u>
Total Liabilities & Net Assets	<u>\$ 603,502</u>

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Workforce Development	\$ 3,531,135	\$ 0	\$ 3,531,135
Economic Development	85,472	0	85,472
Dues & Other	264,401	0	264,401
Interest Income	8,487	0	8,487
Community Development	<u>90,771</u>	<u>0</u>	<u>90,771</u>
Total Revenues	3,980,266	0	3,980,266
Unallocated Payments from Affiliated Organizations	<u>88,813</u>	<u>0</u>	<u>88,813</u>
Total Revenues and Unallocated Payments from Affiliated Organizations	<u>4,069,079</u>	<u>0</u>	<u>4,069,079</u>
Program Services			
Workforce Development	<u>3,148,528</u>	<u>0</u>	<u>3,148,528</u>
Total Program Services	<u>920,551</u>	<u>0</u>	<u>920,551</u>
Supporting Services			
Interest Expense	(970)	<u>0</u>	(970)
Management & General	<u>(871,930)</u>	<u>0</u>	<u>(871,930)</u>
Total Supporting Services	<u>(872,900)</u>	<u>0</u>	<u>(872,900)</u>
Total Expenditures & Unallocated Payments To Affiliated Organizations	<u>47,651</u>	<u>0</u>	<u>47,651</u>
Increase in Net Assets	47,651	0	47,651
Net Assets at Beginning of Year	<u>80,462</u>	<u>0</u>	<u>80,462</u>
Net Assets at End of Year	<u>\$ 128,113</u>	<u>0</u>	<u>\$ 128,113</u>

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
PROGRAM SERVICES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>					
	<u>OWIA</u>	<u>ED</u>	<u>COMM</u>	<u>IRP</u>	<u>SUPPORT SERVICE</u>	<u>TOTAL</u>
Revenues	<u>\$3,531,135</u>	<u>\$ 85,472</u>	<u>\$ 90,771</u>	<u>\$ 0</u>	<u>\$ 264,401</u>	<u>\$3,971,779</u>
Expenditures						
Administrative Cost						
Salaries and Fringe	206,748	50,111	165,055	0	351,532	773,446
Fringe Benefits	80,367	11,686	60,081	0	40,504	192,638
Office Rent	15,345	11,597	12,320	0	7,790	47,052
One Stop Operator	1,800	0	0	0	0	1,800
Office Supplies	8,101	1,641	1,609	0	3,482	14,833
Vehicle	0	0	0	0	0	0
Equipment Rental	4,988	4,159	4,360	0	0	13,507
Professional	31,253	2,007	9,511	0	0	42,771
Postage and Printing	870	790	896	0	557	3,113
Telephone	331	883	783	0	559	2,556
Advertising	1,405	650	1,231	0	7,636	10,922
Insurance	6,275	1,002	1,062	0	0	8,339
Dues/Meetings	4,413	464	332	0	3,512	8,721
Accounting/ Professional Fees	0	0	0	0	11,172	11,172
Other Administrative Expenses	0	0	4	2,750	48,740	51,494
Travel	<u>20,711</u>	<u>2,667</u>	<u>3,127</u>	<u>0</u>	<u>3,683</u>	<u>30,188</u>
Total Administrative Cost	<u>382,607</u>	<u>87,657</u>	<u>260,371</u>	<u>2,750</u>	<u>479,167</u>	<u>1,212,552</u>
Training/Support/ Vendor Admin.	<u>3,148,528</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,148,528</u>
Total Expenditures	<u>\$3,531,135</u>	<u>\$ 87,657</u>	<u>\$ 260,371</u>	<u>\$ 2,750</u>	<u>\$ 479,167</u>	<u>\$4,361,080</u>

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows From By Operating Activities	
Increase in Net Assets	\$ 47,651
Adjustments To Reconcile From Increase In Net Assets	
To Net Cash Operating Activities	
Increase in Accounts Receivable	(208,156)
Increase in Accounts Payable	<u>268,795</u>
Net Cash Provided from Operating Activities	<u>108,290</u>
Cash Flows From Investing Activities	
Decrease in Vacation Fund Payable	(340,622)
Proceeds from Certificates of Deposit	256,419
Collection on Notes Receivable	<u>6,847</u>
Net Cash (Used By) From Investing Activities	<u>(77,356)</u>
Cash Flows (Used by) From Financing Activities	
Debt Repayment	<u>(3,964)</u>
Net Cash (Used By) from Financing Activities	<u>(3,964)</u>
Increase in Cash & Cash Equivalents	26,970
Beginning Cash & Cash Equivalents	<u>205,020</u>
Ending Cash & Cash Equivalents	<u>\$ 231,990</u>

Note: No income taxes were paid for the year.
Interest of \$970 was paid during the year and none was capitalized.

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - ACCOUNTING POLICIES

1. The accompanying financial statements have been prepared on the accrual basis, whereby all revenues are recognized when earned and expenditures are recorded when incurred. The Coordinating and Development Corporation (CDC) uses funds to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain grants/programs/divisions. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are used to account for all of CDC's activities, and divisions are used to provide for segregation of programs within CDC.
2. The Coordinating and Development Corporation (CDC) is a private, not-for-profit, IRS Section 501(c)(4) Corporation. The Corporation operates primarily in the ten parishes of Northwest Louisiana. It is governed by an elected Board of Directors and provides business, industrial and economic development to both the private sectors and area governments.
3. Depreciation - Depreciation is provided on the straight line method over the useful life of the office equipment. Equipment is recorded at cost, and includes all items with cost exceeding \$2,500 and a useful life greater than one year.
4. Cash & Cash Equivalents - The Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.
5. Divisions - The following divisions, reported as funds, are maintained:
 1. Division of Economic Development
 2. Division of Workforce Development
 3. Division of Project Review
 4. Division of Natural Resources
 5. Division of Local Funds
 6. Division of Community Development
 7. Division of 8%
 8. Division of IRP
 9. Division of TD
 10. Division of Marketing & Economic Development
 11. Division of Culture, Recreation & Tourism
 12. Division of Step

The reporting of all divisions in one report is in compliance with OMB Circular A-133.

6. Transfers In/Transfers Out - Transfers in/out represents funding from/to the Division of Local Funds.
7. Budgets - Budgets are not required for all divisions.

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - ACCOUNTING POLICIES (continued)

8. Investments - Investments are presented in the financial statements at fair market value.
9. Temporarily Restricted Assets - As discussed in Note C, the Company has a policy that reimburses employees for unused vacation time, which in prior years was reflected as a restricted asset. These restrictions will expire when the vacation time is used or the individuals retire.
10. Capitalized Interest - The Company did not capitalize interest for the year ended June 30, 2019.
11. Advertising - The Company expenses non-direct response advertising as incurred.
12. Impairment - The carrying value of property, equipment and intangibles is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying businesses. Adjustments are made if the sum of expected future cash flows is less than book value. For the year presented, no adjustment was necessary.
13. Collateral - On all loans through the Division of IRP, the Company requires adequate collateral and secures a mortgage which is usually real estate.
14. Allowance for Doubtful Accounts - The Company evaluates its losses annually on the IRP Division and records this as an allowance. Bad debts are written off directly as they are identified, and a minimum allowance of 6% of the net loan balance is reserved.

Interest income is recorded as earned. The Board will write off notes/accounts receivable at such time as all efforts have been exhausted to recover the asset. Loans are considered past due when payments are 30 days in arrears.

15. Financial Statement Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Financial Accounting Standards Board ("FASB") has established the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for specific purpose and operations. The Corporation's policy is to designate unrestricted donor funds at the discretion of the Board of Directors. Net assets without donor restriction also include the investment in property and equipment net of accumulated depreciation.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

Net Assets With Donor Restrictions - Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. The Corporation may report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reported in the statements of activities as net assets released from restrictions. As of June 30, 2019, the Corporation's net assets with donor restrictions are restricted for funding various program expenses, if any.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable for the year ended 6/30/19 are as follows:

<u>Receivable</u>	<u>Division</u>	<u>6/30/19 Amount</u>
Var. Municipalities	Community Development	\$ 28,122
WOIA	WOIA	<u>263,817</u>
		<u>\$291,939</u>

NOTE C - VACATION ESCROW

The Company accrued the funding for its vacation fund, which allows personnel who leave or retire the ability to sell back their unused vacation time. This policy was terminated in September, 2016.

During the current year, additional time earned and raises resulted in the following adjustments to the account:

In August, 2018, the accrual was funded/paid.

NOTE D - RELATED PARTIES/AFFILIATES

The CDC operated several divisions and is affiliated with three active nonprofit entities and two for-profit entities as follows:

Affiliates

- (A) Tri District Development Corporation (TD) - A revolving loan program of which CDC membership constitutes 1/3 control. This entity's year end is 9/30. During the year ended 6/30/19, the Corporation received \$0 in revenues from Tri District.

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE D - RELATED PARTIES/AFFILIATES (continued)

- (B) Ark-La-Tex Investment & Development Corporation (AIDC) - This entity's year end is 9/30. During the year ended 6/30/19, the Company paid AIDC rent on its office buildings and equipment in Shreveport, Louisiana and Natchitoches, Louisiana on a 30 day lease totaling \$299,564. CDC received contributions of \$88,813 from AIDC during FYI June, 2019.
- (C) Ark-La-Tex Regional Export & Technology Center, Inc. (ARETC) - A nonprofit entity responsible for implementing/developing import/export economical advances in the ten parish area. During the year ended 6/30/19, CDC paid the Company \$0.
- (D) Red River Valley Bidco Inc. (RRVB) - A for-profit entity owned by AIDC formed to encourage the formation of business and industrial development corporations. The Company earned \$0 for services rendered during the year.
- (E) N.W.E.D. Inc. - A for-profit entity.

Divisions

- (A) Division of Economic Development - Funded by the federal government and CDC, whose purpose is to aid in economic growth in the surrounding ten parish area. This program requires a matching commitment of 75/25. For the year ended 6/30/19, ED transferred \$2,185 to the Division of Local Funds. During the current year, the Division received the following revenues:

Federal Funds	
Resilience	\$ 13,333
CEDS	52,500
Delta Regional Authority	<u>19,639</u>
	<u>\$ 85,472</u>

- (B) Division of Community Development - Funded by contracts with entities to provide administrative services for entities receiving Louisiana Community Development Block Grant (LCDBG) funds. In prior years, the Division was called "Division of Planning & Programming". During the current year, the Local Division had \$120,479 transferred to the Community Development Division.
- (C) Division of Natural Resources - Funded by the Louisiana Association of Planning & Development Districts and CDC. There was no activity during the current year.
- (D) Division of Project Review - Its purpose is to review federal grants. There was no activity during the current year.

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE D - RELATED PARTIES/AFFILIATES (continued)

- (E) Division of Culture, Recreation & Tourism - Funded in prior years to promote tourism to Northwest Louisiana. There was no activity during the current year.
- (F) Division of Local Funds - All other activities for the year ended 6/30/19.
- (G) Division of Marketing & Economic Development - This program is a joint agreement between the Parish of Caddo and CDC for the promotion of Caddo Parish, LA. During the year, the Division received \$0 from the Local Fund Division.
- (H) Division of IRP - A relending program administered by CDC as further described in Note P. During the year, it received \$0 from Lending Division. This fund transferred \$0 to Local Fund during the current year.
- (I) Division of Lending/TD - This program represents funds received in managing/administering Tri District Development Corporation, a related entity whose purpose is administration of revolving loan fund. The Local Funds transferred \$0 to this Division.

NOTE E - OPERATING LEASES

The Company leases facilities & equipment owned by Ark-La-Tex Investment & Development Corporation and is currently leasing under a 30 day lease agreement. Facilities are located in Caddo, Desoto, Bossier, Webster and Natchitoches Parish.

NOTE F - RETIREMENT PLAN - DEFINED CONTRIBUTION

The Company contributed \$132,135.45 during the year ended 6/30/19, and all employees with greater than six months employment with the Company are eligible. The Company contributes 12.5% of the employees' gross pay.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE G - INDIRECT COSTS

The Company allocated indirect costs as follows:

	Amount For 6/30/2019	Allocation Formula
Rent	\$ 299,564	Direct Labor/Revenue
All Other Administrative Expenses	(Less than \$50,000)	Direct Labor/Revenue

NOTE H - WIOA (Workforce Innovation and Opportunity Act)

CDC acts as a recipient/subrecipient of WIOA funds from the State of Louisiana, Department of Regulatory Services (Labor). All revenues represent reimbursed cost under the terms of the various contracts with the State.

1. WIOA-Adult

The purpose of this portion of WIA is to establish programs to prepare unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals who are in need of such training to obtain productive employment.

WIOA-Youth

Programs under this part are conducted year round. Individuals eligible under this part must be economically disadvantaged and between the ages of fourteen and twenty-one.

WIOA-Dislocated Worker

This program allows for dislocated workers to be retrained and prepares them to re-enter the labor force.

2. Training - Classroom

This is used to record costs of tuition, books, and tools, if necessary, for program participants.

3. Training - Work Experience

This is used to record the expenditures associated with the part of the program that gives participants an introduction to the "world of work".

4. Training - OJT

This is used to record expenditures associated with on the job training. When an individual meets the requirements to enter this program, WIA will reimburse the individual's employer for one half of the participant's salary for a period not to exceed six months.

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H - WIOA (continued)

5. Support Service
Cost of supportive services which are necessary to enable an individual eligible for training under WIOA, but who cannot afford to pay for such services, to participate in a training program funded under WIA.
6. Participant Support
Accounts for payments made to participants in the WIOA programs.
7. Administrative
Administrative costs are limited to five/thirty percent of the total contract, depending on the program.
8. History
The WIOA Division is administered by The Coordinating and Development Corporation (CDC) which is a corporation exempt from income tax under Internal Revenue Code Section 501(c)(4). The Coordinating and Development Corporation (CDC), originally organized and chartered in 1954, is a not-for-profit, private corporation whose service area includes the ten parishes and ninety-two municipalities of Northwest Louisiana. CDC provides a wide range of services to its membership through its six operating Divisions: Economic Development, Workforce Development, Community Development, IRP, TD, Marketing & Economic Development and Local.

The Coordinating and Development Corporation (CDC) also provides specialized services to its membership through assisting the following corporations: Ark-La-Tex Investment & Development Corporation, Mid-Continent Capital Corporation, Tri District Development Corporation, River Cities High Technology Group, Inc., Industrial Trust Corporation, Louisiana Foreign Sales Corporation, Ark-La-Tex Regional Export and Technology Center, Inc., and the Red River Valley BIDCO, Inc. Services include: business investment and finance, employment and training, public works and infrastructure, economic development, international business development, planning and management, energy conservation/natural resources and aesthetics development.

9. NEG (National Emergency Grant)

In 2005, Hurricane Katrina caused extensive damage to the coastline and communities of South Louisiana. In response to this natural disaster and in an effort to supplement State and local efforts and capabilities to save lives and to protect property and public health and safety, and to provide assistance to eligible dislocated workers. Federal assistance was made available through the Hurricane Katrina Project One, a disaster grant awarded under the National Emergency Grants Program, in accordance with Sec. 173 of the Workforce Investment Act. The Louisiana Department of Labor (LDOL) is the grantee for this project and hereafter may be referred to as "recipient".

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H - WIA (continued)

9. NEG (National Emergency Grant) (continued)

Hurricane Katrina and the resultant flooding resulted in the displacement of approximately 1.2 million individuals in the New Orleans metropolitan region, the Florida Parishes of Southeast Louisiana and the surrounding areas. It is estimated that approximately 750,000 of this number were working at the time of displacement. Many of these displaced individuals will not be able to return to their homes for a substantial period of time. Based on this massive dislocation, this grant will be used to provide temporary employment for Katrina displaced individuals.

CDC will recruit and place participants in temporary jobs in public and non-profit entities that include projects that provide food, clothing, shelter and other humanitarian assistance for individuals struck by the disaster.

Four company employers which closed in prior years in the local area are funded through this program.

10. Rapid Responses

Assist with dislocated workers.

11. Trade Assistance Adjustments

The Trade Act of 1974, as amended by the Trade Reform Act of 2002, created a program of Trade Adjustment Assistance (hereinafter may be referred to as TAA) to assist individuals who become unemployed as a result of increased imports from or shift in production to another country, to suitable employment. The TAA program provides for reemployment services and allowances for eligible individuals.

The Louisiana Department of Labor's Office of Workforce Development believes that there are both philosophical and logistical reasons for integrating the Trade Act programs with WIA. Trade-affected workers are by definition, dislocated workers. Under WIA, complete integration of the services that all dislocated workers receive is an essential element of a seamless delivery system. To facilitate this process, the Trade Adjustment Assistance program is a required partner in the Career Solution Centers' service delivery system and is required to be accessible there. The delivery of services and benefits under the Trade Act programs should be integrated with other WIA programs and partners to improve services, maximize resources, avoid duplication, and enhance outcomes for all customers.

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H - WIA (continued)

11. Trade Assistance Adjustments (continued)

Scope of Services

The Subrecipient shall: (1) coordinate the delivery of reemployment services (i.e., job search allowances, relocation allowances, and subsistence) to trade-affected workers, which also falls within the WIA programs sequence of services (core, intensive, and training) and (2) provide allowable TAA employment and training activities.

Trade-affected workers will access reemployment services as any other dislocated worker. Trade-affected workers will be registered into LAVOS and co-enrolled as WIOA Adult/Dislocated Worker participants. If services involve job search and/or job relocation allowance, the Trade Adjustment Assistance program resources may be utilized. Skills Development staff will complete all applicable forms and assessments. If training is recommended, the Trade Act program resources may be utilized to pay for the cost of training (tuition, books, supplies, etc.). If a trade petition is approved after a WIOA Adult/Dislocated Worker starts training, Trade Adjustment Assistance funds cannot be used to retroactively pay for training. However, it is possible for these funds to pay for future costs associated with training. When Trade Act program resources are used to cover the cost of training, a WIOA Individual Training Account of scholarship will not be issued.

Eligible Participants and Limitations on Participation

Individuals eligible to be served under this contract are trade impacted workers who have been laid off, or who are currently employed and have received notice of lay-off as a result of increased imports from or shift in production to another country. Status must be verified through a certified petition received from USDOL.

12. American Recovery and Reinvestment Act (ARRA)

Youth

The majority of stimulus funds for youth will be spent on the summer youth employment program. This program will provide an excellent introduction to the world of work for younger youth, while providing older youth with the opportunity to refine their work skills for career exploration and, ultimately, entrance into the workforce.

All youth participating in the summer employment program will be assessed to determine their interests, skills, educational background, prior training, work history, and limitations to career goals. Also considered are developmental or age-appropriate strategies for work readiness. This information will be recorded on the individual Service Strategy (ISS), and used to develop an action plan for appropriate summer job placement. One or more of the 10 youth program elements will be offered as needed, and follow-up services will be provided when deemed appropriate for such individuals.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE H - WIA (continued)

All youth participating in the summer program will receive an orientation prior to starting work. Job readiness, safety, payroll procedures, and work evaluation will be covered in this orientation. Once work begins, job readiness will continue to be tracked through the use of the monthly evaluation form completed by the worksite supervisor.

Adult and Dislocated Workers

In the spirit of ARRA, Region 7 is committed to increasing employment and training services to assist workers in meeting the demands of a changing and challenging labor market. Pairing stimulus funds with current WIA allocations will insure an increase in the number of adult and dislocated workers served and an increased pool of trained workers from which employers can draw. The Business and Career Solutions Centers throughout the region will spearhead the effort to target the needs of workers and employers. Job training, adult education, post secondary education, registered apprenticeships, career advancement activities, and supportive services will be aligned with the demand sectors of the region to meet the skill needs of existing and emerging employers and high growth occupations as well as the needs of the under-skilled workers.

13. Budgets
 Budgets are adopted on a basis consistent with generally accepted accounting principles. All appropriations lapse at year end.
14. Equipment
 Equipment purchased by the Labor funds remains the property of the grantor and is not capitalized. Total cost of equipment owned by Labor currently being used by CDC is:

Workforce Development (WIOA) \$88,512

NOTE I - NET ASSETS

All funds are without donor restrictions for use within the funds. In prior years, the vacation fund was restricted; however, management has determined this to be without donor restrictions as of June 30, 2019.

NOTE J - EQUIPMENT

During the year ended 6/30/19, the following occurred:

	<u>Life</u>	<u>Method</u>	<u>6/30/18</u> <u>Balance</u>	<u>Additions</u>	<u>6/30/19</u> <u>Balance</u>
Furniture & Equip.	5-7yrs.	S/L	\$31,707	\$ 0	\$31,707
Accumulated Depr.			<u>31,707</u>	<u>0</u>	<u>31,707</u>
Net			<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

All repairs during the year were expensed.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE K - CASH & CERTIFICATES OF DEPOSIT

Cash & Certificates of Deposit consist of the following:

<u>Division</u>	<u>Banking Institution</u>	<u>Amount @ June 30, 2019</u>
Checking Accounts		<u>\$ 163,321</u>
	JP Morgan Trust	<u>\$ 68,669</u>

The monies at each banking institution are insured for \$250,000. The monies at each brokerage institution are insured for \$500,000. The uninsured amount @ 6/30/19 is \$0.

NOTE L - LOCAL FUND REVENUES

Revenues for the year consisted of:

Dues	\$ 260,435
Other	<u>3,966</u>
	<u>\$ 264,401</u>

NOTE M - ESTIMATES

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

NOTE N - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments approximates the carrying (book) value because of the short maturity of these assets.

NOTE O - OPERATIONS/CREDIT RISK

The Company is dependent upon the continuance of the government grant funding to support the economic development in the ten parish area. The loans are subject to risk of collection; however, the management believes the collateral is adequate.

THE COORDINATING AND DEVELOPMENT CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE P - IRP LOANS

The Company has entered into a relending program with the United States Department of Agriculture (USDA) through the Rural Development Program. The program allows for a total lending program at 1% interest, principal due over a 27 year amortization beginning after the program's third year. The monies are advanced/loaned by USDA upon loan approval to qualified businesses. The annual payment is \$4,935.

The note to USDA is due as follows:

Amortization schedule for note payment	
2020	\$ 3,926
2021	3,969
2022	4,005
2023	4,045
2024 and thereafter	<u>84,920</u>
	<u>\$100,865</u>

The following note from A's Pelican Grocery LLC is collateral for the USDA note:

<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Loan</u>	<u>Monthly</u> <u>Payment</u>	<u>Terms</u>	<u>Lender</u>	<u>Loan</u>	<u>Balance</u> <u>06/19</u>
5.2%	04/11/2014	\$931.00	15 yrs.	A's Pelican Grocery LLC	\$116,250	\$ 79,573
	Amortization 06/18 06/19 and Thereafter		\$ 7,204			<u>72,369</u>
						<u>\$ 79,573</u>

NOTE Q - BOARD OF DIRECTORS

All services are on a voluntary basis. The board members were only reimbursed travel expenditures.

NOTE R - RISK MANAGEMENT

The Company is exposed to various risk of loss and insured against these losses through comprehensive commercial insurance. Claims resulting from these losses have historically not exceeded insurance coverage.

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE S - SUBSEQUENT EVENTS

The Financial Accounting Standards Board (FASB) issued FASB ASC 855 "Subsequent Events" which establishes principles and requirements for subsequent events. This statement defines the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, and the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in the financial statements. FASB ASC 855 did not have an impact on the statement of cash flows. We evaluate events and transactions that occur after the balance sheet date but before the financial statements are made available.

NOTE T - COMPANY PROJECTIONS

Based on the results of the above transactions and implemented policies, the Company is projecting net income for the year ended June 30, 2020.

NOTE U - MANAGEMENT

Recently Adopted Accounting Pronouncements - On August 18, 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958) - Presentation of Financial Statements of *Not-for-Profit Entities*. The ASU provides for a variety of changes to the presentation of the financial statements of not-for-profit entities, including changing from three classes of net assets to two classes of net assets, enhancing disclosure requirements related to liquidity concerns and endowment management, a requirement to present expenses classified by both their nature and their function and other changes to presentation and disclosure. The standard is effective for fiscal years beginning after December 15, 2017, and the Corporation adopted ASU 2016-14 in fiscal year 2019.

Recently Issued Accounting Pronouncements - May 28, 2014, the FASB issued ASU 2014-19, *Revenue from Contracts with Customers*. The standard's core principle is that the entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the fiscal year ending June 30, 2020. The Corporation is currently in the process of evaluating the impact of the adoption of this ASU on the financial statements.

In February, 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with the lease term over 12 months to be capitalized as a right-of-use asset and lease liability on the consolidated statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2021. The Corporation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

THE COORDINATING AND DEVELOPMENT CORPORATION
COMBINED BALANCE SHEET
JUNE 30, 2019

NOTE V - LIQUIDITY AND AVAILABILITY

The Corporation has approximately \$531,000 of financial assets available within one (1) year of the statement of financial position date, consisting of cash, accounts receivable, and the current portion of a note receivable. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one (1) year from the statement of financial position date. The receivables are subject to time restrictions, but management believes all will be collected within one (1) year.

The Corporation has policies and procedures to maintain financial assets, consisting of cash and short-term investments, on hand in order to meet normal operating expenses. As part of the liquidity management policy, if available, the Corporation invests cash in various short-term investments, including certificates of deposit and other short-term money market accounts. Although none are currently committed to by the Corporation, it does have the ability to access borrowed funds which would be drawn upon in the event of an unanticipated liquidity need.

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

December 28, 2019

Board of Directors
Coordinating and Development Corporation
Shreveport, Louisiana

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Coordinating and Development Corporation, as of and for the year ended June 30, 2019, and have issued our report thereon dated December 28, 2019.

Internal Control Over Financial Reporting

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

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

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

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

Compliance and Other Matters

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

Purpose of this Report

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

December 28, 2019

Board of Directors
Coordinating and Development Corporation
Shreveport, Louisiana

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

Report on Compliance for Each Major Federal Program

We have audited Coordinating and Development Corporation'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 Coordinating and Development Corporation's major federal programs for the year ended June 30, 2019. Coordinating and Development Corporation'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Coordinating and Development Corporation's compliance.



Opinion on Each Major Federal Program

In our opinion, Coordinating and Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Coordinating and Development Corporation 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 Coordinating and Development Corporation'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, we do not express an opinion on the effectiveness of Coordinating and Development Corporation's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

THE COORDINATING AND DEVELOPMENT CORPORATION
 COMBINED STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2019

	OWIA	RES NDWG	SP NEG	STEP	VOC REHAB	TAA	ED	COMM	IRP	Lending/TD	GM Neq	SUPPORT SERVICE	TOTAL
Assets													
Current													
Cash & Cash Equivalents	\$105,117	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,669	\$ 0	\$ 0	\$ 58,204	\$ 231,990
Accounts Receivable	263,817	0	0	0	0	0	0	28,122	0	0	0	0	291,939
Notes Receivable (Current Portion)	0	0	0	0	0	0	0	0	7,204	0	0	0	7,204
Due from Other Funds	0	0	0	0	0	0	0	0	0	0	0	28,122	28,122
Total Current Assets	368,934	0	0	0	0	0	0	28,122	75,873	0	0	86,326	559,255
Investments													
Certificates of Deposit	0	0	0	0	0	0	0	0	0	0	0	0	0
Notes Receivable (Net of Current Portion & Allowance)	0	0	0	0	0	0	0	0	72,369	0	0	0	72,369
Other Investments	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Investments	0	0	0	0	0	0	0	0	72,369	0	0	0	72,369
Equipment (Net of Accumulated Depreciation)													
	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	\$368,934	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,122	\$148,242	\$ 0	\$ 0	\$ 86,326	\$ 631,624
Liabilities & Net Assets													
Liabilities													
Current													
Accounts Payable	\$368,934	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,495	\$ 374,429
Notes Payable	0	0	0	0	0	0	0	0	3,926	0	0	0	3,926
Due to Other Funds	0	0	0	0	0	0	0	28,122	0	0	0	0	28,122
Accrued Interest Expense	0	0	0	0	0	0	0	0	95	0	0	0	95
Payroll Taxes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Vacation Fund Accrual	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	368,934	0	0	0	0	0	0	28,122	4,021	0	0	5,495	406,572
Long Term Liabilities													
Notes Payable (Net of Current Portion)	0	0	0	0	0	0	0	0	96,939	0	0	0	96,939
Vacation Fund Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Long Term Liabilities	0	0	0	0	0	0	0	0	96,939	0	0	0	96,939
Total Liabilities	368,934	0	0	0	0	0	0	28,122	100,960	0	0	5,495	503,511
Net Assets	0	0	0	0	0	0	0	0	47,282	0	0	80,831	128,113
Total Liabilities & Net Assets	\$368,934	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,122	\$148,242	\$ 0	\$ 0	\$ 86,326	\$ 631,624

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND OTHER SOURCES/USES
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>OWIA</u>	<u>ED</u>	<u>COMM</u>	<u>IRP</u>	<u>SUPPORT SERVICE</u>	<u>TOTAL</u>
Revenues	<u>\$3,531,135</u>	<u>\$ 85,472</u>	<u>\$ 90,771</u>	<u>\$ 0</u>	<u>\$ 264,401</u>	<u>\$ 3,971,779</u>
Expenditures						
Administrative Cost						
Salaries and Fringe	206,748	98,962	116,204	0	351,532	773,446
Fringe Benefits	80,367	11,686	60,081	0	40,504	192,638
Office Rent	15,345	11,597	12,320	0	7,790	47,052
One Stop Operator	1,800	0	0	0	0	1,800
Office Supplies	8,101	1,641	1,609	0	3,482	14,833
Vehicle	0	0	0	0	0	0
Equipment Rental	4,988	4,159	4,360	0	0	13,507
Professional	31,253	2,007	9,511	0	0	42,771
Postage and Printing	870	790	896	0	557	3,113
Telephone	331	883	783	0	559	2,556
Advertising	1,405	650	1,231	0	7,636	10,922
Insurance	6,275	1,002	1,062	0	0	8,339
Dues/Meetings	4,413	464	332	0	3,512	8,721
Accounting/ Professional Fees	0	0	0	0	11,172	11,172
Other Administrative Expenses	0	0	4	2,750	48,740	51,494
Travel	<u>20,711</u>	<u>2,667</u>	<u>3,127</u>	<u>0</u>	<u>3,683</u>	<u>30,188</u>
Total Administrative Cost	<u>382,607</u>	<u>136,508</u>	<u>211,520</u>	<u>2,750</u>	<u>479,167</u>	<u>1,212,552</u>
Training/Support/ Vendor Admin.	<u>3,148,528</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,148,528</u>
Total Expenditures	<u>\$3,531,135</u>	<u>\$136,508</u>	<u>\$ 211,520</u>	<u>\$ 2,750</u>	<u>\$ 479,167</u>	<u>\$ 4,361,080</u>
Other Financing Sources/Uses						
Interest Income	\$ 0	\$ 0	\$ 0	\$ 6,490	\$ 1,997	\$ 8,487
Transfers In	0	51,036	120,749	0	0	171,785
Transfers Out	0	0	0	0	(171,785)	(171,785)
Contributions from AIDC	0	0	0	0	88,813	88,813
Interest Expense	0	0	0	(970)	0	(970)
Transfers from AIDC	0	0	0	0	0	0
Change in Vacation Accrual	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>340,622</u>	<u>340,622</u>
Total Other Financing Sources/Uses	<u>0</u>	<u>51,036</u>	<u>120,749</u>	<u>5,520</u>	<u>259,647</u>	<u>436,952</u>
Excess of Expenditures Over Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,770</u>	<u>44,881</u>	<u>47,651</u>
Beginning Net Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,496</u>	<u>60,966</u>	<u>80,462</u>
Ending Net Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,266</u>	<u>\$ 105,847</u>	<u>\$ 128,113</u>

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
 COMBINED STATEMENT OF CASH FLOWS
 JUNE 30, 2019

	OWIA	RES NDWG	SP NEG	STEP	VOC REHAB	TAA	ED	COMM	IRP	Lending/TD	GM Neg	SUPPORT SERVICE	TOTAL
Cash Flows From Operations													
Excess of Expenditure and Other Financing Sources Over Revenues and Other Uses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,770	\$ 0	\$ 0	\$ 44,881	\$ 47,651
Bad Debt Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase) Decrease in Accounts Receivable	(250,915)	0	0	0	0	0	(35,000)	(7,759)	0	0	0	0	(208,156)
Due from Other Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
(Decrease)Increase In Cash Deficit	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	265,376	0	0	0	0	0	0	0	0	0	0	3,419	268,795
Due to Other Funds	0	0	0	0	0	0	(35,000)	(7,759)	(17,331)	0	0	60,526	0
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Related Party Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided By (Used By) Operations	<u>14,461</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(14,561)</u>	<u>0</u>	<u>0</u>	<u>108,390</u>	<u>108,290</u>
Cash Flows From Investing													
Investing in CDs	0	0	0	0	0	0	0	0	0	0	0	256,419	256,419
Investing in Securities	0	0	0	0	0	0	0	0	0	0	0	(340,622)	(340,622)
Increase(Decrease) in Due To/From Fund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase(Decrease) in Vacation Fund Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Notes Receivable	0	0	0	0	0	0	0	0	6,847	0	0	0	6,847
Funds Repaid on Loans	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided By (Used By) Investing	<u>(13,485)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,847</u>	<u>0</u>	<u>0</u>	<u>(84,203)</u>	<u>(77,356)</u>
Cash Flows From Financing													
Note Payable Previous Employees Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Note Payable Previous Employees Debt Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	(3,964)	0	0	0	(3,964)
Net Cash Provided By (Used By) Financing	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,839)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,839)</u>
Net Increase(Decrease) in Cash	14,461	0	0	0	0	0	0	0	(11,678)	0	0	24,187	26,970
Beginning Cash & Cash Equivalents	<u>90,656</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,331</u>	<u>0</u>	<u>0</u>	<u>59,033</u>	<u>205,020</u>
Ending Cash & Cash Equivalents	<u>\$105,117</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 43,653</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 83,220</u>	<u>\$ 231,990</u>

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Federal Grantor</u>	<u>Federal CFDA #</u>	<u>Grant Term</u>	<u>Program Amount</u>	<u>Revenues For Year Ended June 30, 2019</u>	<u>Expenditures For Year Ended June 30, 2019</u>	<u>Administration</u>	<u>Program</u>	
<u>Nonmajor Programs</u>								
US Department of Commerce Economic Development Adm	11.300		\$ 70,000	\$ 70,000	\$ 70,000	\$ 0	\$ 0	
Total			<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>0</u>	<u>0</u>	
<u>*Major Programs</u>								
Workforce Investment Act/Dept of Labor								
Adult	FY18	17.280	07/01/17-06/30/19	890,051	568,951	568,951	51,005	517,946
Adult	PY18	17.258	07/01/18-06/30/20	180,169	180,169	180,169	18,017	162,152
Adult	FY19	17.258	10/01/18-06/30/20	957,613	934,392	934,392	74,400	859,992
Adult	FY16	17.258	07/01/15-06/30/18	0	0	0	0	0
Adult	PY17	17.258	10/01/17-06/30/19	657	657	657	65	592
Total				<u>2,028,490</u>	<u>1,684,169</u>	<u>1,684,169</u>	<u>143,487</u>	<u>1,540,682</u>
Youth	PY18	17.259	04/01/18-06/30/20	1,259,799	27,200	27,200	27,200	0
Youth	PY17	17.259	04/01/17-06/30/19	<u>1,134,013</u>	<u>971,607</u>	<u>971,607</u>	<u>68,001</u>	<u>903,606</u>
Total				<u>2,393,812</u>	<u>998,807</u>	<u>998,807</u>	<u>95,201</u>	<u>903,606</u>
Dislocated Workers	FY18	17.260	10/01/17-06/30/19	694,630	520,781	520,781	33,363	487,418
Dislocated Workers	PY18	17.260	07/01/18-06/30/20	261,557	26,156	26,156	26,156	0
Dislocated Workers	PY17	17.260	07/01/16-06/30/19	481,692	623	623	0	623
Dislocated Workers	PY17	17.260	07/01/17-06/30/19	181,070	162,963	162,963	0	162,963
Dislocated Workers	PY19	17.260	10/01/18-06/30/20	<u>963,157</u>	<u>137,636</u>	<u>137,636</u>	<u>84,400</u>	<u>53,236</u>
Total				<u>2,582,106</u>	<u>848,159</u>	<u>848,159</u>	<u>143,919</u>	<u>704,240</u>
Total OWIA				<u>\$ 7,004,408</u>	<u>\$ 3,531,135</u>	<u>\$ 3,531,135</u>	<u>\$ 382,607</u>	<u>\$ 3,148,528</u>

See Notes to Financial Statements

THE COORDINATING AND DEVELOPMENT CORPORATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of The Coordinating and Development Corporation and is presented on the accrual basis of accounting, which is the same basis of accounting used for the presentation of the general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

The Coordinating and Development Corporation did pass through Federal awards to subrecipients during the fiscal year, however no one recipient received \$300,000 nor did CDC expend any Federal awards in the form of noncash assistance.

THE COORDINATING AND DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2019

We were engaged to audit the financial statements of The Coordinating and Development Corporation (CDC) as of and for the year ended June 30, 2019 and have issued our report thereon dated December 28, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report expresses an unmodified opinion on the financial statements for the year ended June 30, 2019.

Section I - Summary of Auditor's Results:

- a. The report on internal control and compliance material to the financial statements reported the following items:
1. The auditor's report expresses an unmodified opinion on the basic financial statements of Coordinating and Development Corporation.
 2. No material weaknesses were identified during the audit of the financial statements.
 3. No instances of noncompliance material to the basic financial statements of Coordinating and Development Corporation were disclosed during the audit.
 4. No material weaknesses in internal control over compliance, relating to the audit of a major federal award program, are reported.
 5. The auditor's report on compliance for the major federal award programs for Coordinating and Development Corporation expresses an unmodified opinion.
 6. There were no audit findings relative to major federal award programs for Coordinating and Development Corporation.
- b. Federal Awards:
- Workforce Innovation & Opportunity Act (WIOA) - Grants awarded totaling \$3,531,135
 - Economic Development - Grants awarded totaling \$70,000
- c. Identification of Major Programs:
- WIOA - Total revenues received during this year were \$3,531,135

Section II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

- None

Section III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- None

See Accountant's Report and Notes

THE COORDINATING AND DEVELOPMENT CORPORATION
 MANAGEMENT'S CORRECTIVE ACTION PLAN
 FOR THE YEAR ENDED JUNE 30, 2019

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A
SECTION III MANAGEMENT LETTER	
No findings were reported in the schedule of findings and questioned cost.	Response - N/A

SUPPLEMENTARY INFORMATION

THE COORDINATING AND DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH
LOUISIANA REVISED STATUTE 24:513(a)(3) (ACT 706 OF 2014)
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019

Agency Head: Mr. Jack Skaggs

Salary	\$ 124,559
Benefits-insurance-health	<u>637</u>
Benefits-employer contribution to retirement plan	\$ 8,125
Automobile allowance	<u>0</u>
Mileage reimbursement	<u>0</u>

COORDINATING AND DEVELOPMENT CORPORATION

STATEWIDE AGREED-UPON
PROCEDURES REPORT

YEAR ENDED JUNE 30, 2019

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

December 28, 2019

Board of Directors
Coordinating and Development Corporation
Shreveport, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by Coordinating and Development Corporation (CDC) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. CDC'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*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain 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), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

The entity has written policies and procedures, they are completed and reviewed by the Board of Directors and Administration can propose changes during the current period.

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

- 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.

Although written procedures exist, they do not address these requirements.

- c) Disbursements, including processing, reviewing, and approving.

The entity has written policies or procedures dealing with disbursements.

- d) Receipts, including receiving, recording, and preparing deposits.

The entity has written procedures covering the handling of operating receipts.

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

The entity has written procedures covering payroll, these address review and approval of time and attendance records

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

The entity has written policies, although they do not address all the enumerated requirements concerning contracting.

- g) Credit Cards (and debit cards, fuel cards, and 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.

The entity has written policies, although they do not address all the enumerated requirements concerning use credit, debit, fuel, or purchase cards.

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

The entity has policies and procedures dealing with travel and expense reimbursements, and are in the process of addressing documentation requirements or 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.

Although the entity has policies and procedures covering ethics, this section is not applicable.

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

The entity has written procedures covering debt service.

- 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 of 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 tolls needed to recover operations after a critical event.

The entity maintains a log of critical data and backups, and maintains such backups off-site (outside CPA's office and server) with testing and verification of backups performed by the same, all systems for data storage and backup(s) are equipped with antivirus software applications and updates are tracked and supported on a timely basis. Personnel responsible for the above procedures are adequately trained and process are in place should a critical event occur.

Board (or Finance Committee, if applicable) (Not applicable due to no exceptions in prior year)

2. Obtain and review the board/committee minutes for 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, or other equivalent document.

The entity's Board of Directors meets quarterly, in accordance with its charter.

- 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. Alternatively, 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.

Each meeting's minutes do not refer to budget-to-actual financial statement comparisons. No deficit spending took place during the fiscal year.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable, prior year deficit fund balances have been addressed and removed, current period fund balances represent positive amounts.

Bank Reconciliations (Not applicable due to no exceptions in prior year)

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

A list of bank accounts was obtained from management, and management represented that the listing was 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 have been prepared, and include evidence that they were prepared within 2 months of the related statement closing date:

Bank reconciliations were prepared for all three accounts for each month in the fiscal year.

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

All bank reconciliations evidenced review by an independent member of management.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months as of the end of the fiscal period.

No reconciling items greater than 12 months old were noted.

Collections (Not applicable due to no exceptions in 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).

A listing of cash collection locations (deposit sites) was obtained.

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.

Each person responsible for handling cash is not bonded or insured. Each person responsible for collecting cash does not deposit the cash in the bank, record the cash transaction, and/or reconcile the related bank account

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.

The entity has a formal process to reconcile cash collections to the general ledger and operating various revenue billings by an independent individual.

Processes are in place to determine that all operating collections are complete.

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments) (Not applicable due to no exceptions in prior year, and mitigating controls are in place regarding the requisition/purchase order system related to supplies, services, and other recurring expenses)

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

A listing of disbursements made during the year was obtained.

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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]

The entity does not use a purchase order system, which separates the initiation and approval functions, only for purchases of fixed assets or improvements to property; but not for supplies, services, or other recurring expenses. All invoices and related support, such as shipping documents, are approved for payment, but the approving individuals also may initiate the purchase.

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.

Individuals with signatory authority also may initiate purchases, but may not record them. The supply of unused checks is kept in a locked, fireproof cabinet under the custody of an individual with no check signing authority.

Credit Cards/Debit Cards/Fuel Cards/P-Cards (Not applicable due to no exceptions in prior year)

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

Management represented to us that the listing of credit cards is complete, and credit cards are maintained by the person to whom they are issued.

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:

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

- a) 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. [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) The monthly statements are received, reviewed, and reconciled by a person other than the authorized card holder. Expenditures are reviewed and approved by management.
- c) Observe that finance charges and late fees were not assessed on the selected statements.

Not applicable.

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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

The entity has policies and procedures in place to insure the transactions are supported by the attributes above, and no exceptions noted.

Travel and Travel-Related Expense Reimbursement (Not applicable due to no exceptions in prior year)

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.

A listing of all travel and related expense reimbursements, by person, during the fiscal year was obtained from the general ledger; and a representation from management that the listing is complete.

Contracts (Not applicable due to no exceptions in prior year)

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 Law¹ (e.g., solicited quotes or bids, advertised), if required by law.
No contract selected was subject to the Louisiana Public Bid 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).

¹ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No contract selected was amended

- 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.

The invoice and related payment of each selected contract complied with its terms.

Payroll and Personnel (Not applicable due to no exceptions in prior year)

- 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.

A listing of all employees and their related compensation was obtained and reviewed; and management's representation that the list is complete

- 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.

Pay rate or salary (and changes) applicable to each selected employee are approved in writing and in accordance with policy

- 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.

A listing of all employees and their related termination compensation was obtained; and management's representation that the listing is complete.

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

Pay rate or salary changes applicable to each selected employee were approved in writing and in accordance with written policy.

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 (excluding nonprofits)

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 (excluding nonprofits)

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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable.

Other (Not applicable due to no exceptions in 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.

Management represented that the entity had no misappropriations of public funds or assets during the current fiscal year.

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.

We observed the notice posted on the entity's website and on its premises.

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

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana