

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.**

BATON ROUGE, LOUISIANA

JUNE 30, 2017

L.A. CHAMPAGNE 
Certified Public Accountants

4911 BENNINGTON AVENUE, BATON ROUGE, LOUISIANA 70808-3153
(225) 925-1120 ~ FAX: (225) 927-8124 ~ EMAIL: lac@laccpa.com

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Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA

Alvin J. Callais, CPA
Michael A. Tham, CPA, CGMA
Susan S. Tham, CPA

Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA

L.A. CHAMPAGNE & Co.
LLP
Certified Public Accountants

Member of the Private
Companies Practice
Section of the American
Institute of CPAs

The Board of Directors
Capital Area Agency on Aging - District II, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Capital Area Agency on Aging - District II, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Area Agency on Aging - District II, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years 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 an opinion on the financial statements as a whole. The accompanying supplemental information, description of programs on pages 16 through 18, the detailed schedule of program activities on page 19, the schedule of changes in fixed assets on page 20, and the schedule of compensation, benefits, and other payments to Agency heads on page 22 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on page 21, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017, on our consideration of Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Capital Area Agency on Aging - District II, Inc.'s internal control over financial reporting and compliance.

L.A. Champagne & Co. L.L.P.

*Baton Rouge, Louisiana
November 27, 2017*

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
STATEMENTS OF FINANCIAL POSITION**
June 30, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 326,478	\$ 404,846
Receivables on funding contracts	81,203	5,236
Due from subcontractors	76,849	41,509
Prepaid expenses	7,645	7,932
	492,175	459,523
 FIXED ASSETS (NET)	 6,945	 8,835
	\$ 499,120	\$ 468,358
 CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 232,672	\$ 199,644
Due to subcontractors	156,663	208,001
Deferred revenue	5,000	3,000
Accrued compensated absences	36,077	42,832
	430,412	453,477
 NET ASSETS		
Unrestricted	(97,687)	(109,648)
Temporarily restricted	166,395	124,529
	68,708	14,881
	\$ 499,120	\$ 468,358

See accompanying notes to the financial statements

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.

STATEMENTS OF ACTIVITIES

Years ended June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Governor's Office of Elderly Affairs	\$ -	\$3,899,499	\$3,899,499	\$ -	\$3,189,391	\$3,189,391
Department of Insurance	-	11,999	11,999	-	10,000	10,000
Capital Area United Way	6,232	195,000	201,232	-	150,000	150,000
CMS - Cooperative Agreement to Support Navigators	-	-	-	-	22,209	22,209
Local Support - Title III-C-1/III-C-2 Meals	-	766,084	766,084	-	784,509	784,509
Participant contributions	-	-	-	-	40	40
Other support and revenues	51,660	6,100	57,760	56,224	2,700	58,924
Interest income	637	-	637	833	-	833
	<u>58,529</u>	<u>4,878,682</u>	<u>4,937,211</u>	<u>57,057</u>	<u>4,158,849</u>	<u>4,215,906</u>
Net assets released from restrictions	4,836,816	(4,836,816)	-	4,209,035	(4,209,035)	-
	<u>4,895,345</u>	<u>41,866</u>	<u>4,937,211</u>	<u>4,266,092</u>	<u>(50,186)</u>	<u>4,215,906</u>
EXPENSES						
Grants and allocations	1,286,213	-	1,286,213	1,271,839	-	1,271,839
Functional expenses:						
Program services						
Title III-C-1 Congregate Meals	560,427	-	560,427	543,326	-	543,326
Title III-C-2 Home Delivered Meals	1,579,191	-	1,579,191	1,585,300	-	1,585,300
Title III-D Preventive Health	33,495	-	33,495	36,375	-	36,375
Title III-E Caregiver Support	290	-	290	450	-	450
Community Living Program	250	-	250	251	-	251
Aging and Disability Resource Center/SenioRx	184,276	-	184,276	209,278	-	209,278
Evidence-Based Wellness	30,166	-	30,166	36,755	-	36,755
LTC Ombudsman	227,264	-	227,264	231,865	-	231,865
DHH Single Point of Entry	800	-	800	801	-	801
Senior Community Services Employment Program	643,917	-	643,917	-	-	-
CMS - Cooperative Agreement to Support Navigators	-	-	-	24,937	-	24,937

Continued

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Medicare Enrollment Assistance Program (MIPPA)	2,929	-	2,929	6,000	-	6,000
CMS Research Demonstration & Evaluation (MIPPA)	3,003	-	3,003	4,500	-	4,500
MIPPA - SHIP	3,318	-	3,318	3,450	-	3,450
Total program services	3,269,326	-	3,269,326	2,683,288	-	2,683,288
Fundraising	3,933	-	3,933	4,680	-	4,680
Management and general	323,912	-	323,912	335,013	-	335,013
Total functional expenses	3,597,171	-	3,597,171	3,022,981	-	3,022,981
Total expenses	4,883,384	-	4,883,384	4,294,820	-	4,294,820
Change in net assets before interfund transfers	11,961	41,866	53,827	(28,728)	(50,186)	(78,914)
Other financing sources (uses)						
Operating transfers	-	-	-	(147,593)	147,593	-
Change in net assets	11,961	41,866	53,827	(176,321)	97,407	(78,914)
Net assets - beginning of year	(109,648)	124,529	14,881	66,673	27,122	93,795
Net assets - end of year	<u>\$ (97,687)</u>	<u>\$ 166,395</u>	<u>\$ 68,708</u>	<u>\$ (109,648)</u>	<u>\$ 124,529</u>	<u>\$ 14,881</u>

See accompanying notes to the financial statements

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2017 and 2016

FY 2017

	Title IIIC-1 - Congregate Meals	Title IIIC-2 - Home Delivered Meals	Title III-D - Preventive Health	Title III-E Caregiver Support	Community Living Program	CMS Research Demonstrati- ons & Evaluations MIPPA - AAA	Medicare Enrollment Assistance Program - MIPPA - ADRC	Medicare Enrollment Assistance Program - MIPPA - SHIIP
Catered Meals	\$ 560,427	\$ 1,579,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries	-	-	21,035	246	-	1,913	1,913	2,152
Payroll Taxes	-	-	1,940	20	-	173	152	170
Benefits	-	-	1,819	24	-	94	191	154
Travel	-	-	1,977	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-	-
Equipment Maintenance	-	-	215	-	-	-	-	-
Postage and Shipping	-	-	-	-	-	-	-	-
Printing and Publications	-	-	-	-	-	-	-	-
Occupancy	-	-	3,952	-	-	748	748	842
Telephone	-	-	416	-	-	-	-	-
Software Licensing	-	-	121	-	-	-	-	-
Equipment rental	-	-	247	-	-	-	-	-
Insurance	-	-	293	-	-	-	-	-
Office Supplies	-	-	193	-	-	-	-	-
Conference and Training	-	-	475	-	-	-	-	-
Other Contractual Services	-	-	281	-	-	-	-	-
Accounting	-	-	450	-	-	-	-	-
Depreciation	-	-	-	-	250	-	-	-
Miscellaneous Expense	-	-	81	-	-	-	-	-
Total Functional Expenses	\$ 560,427	\$ 1,579,191	\$ 33,495	\$ 290	\$ 250	\$ 2,928	\$ 3,004	\$ 3,318

FY 2016

	Title IIIC-1 - Congregate Meals	Title IIIC-2 - Home Delivered Meals	Title III-D - Preventive Health	Title III-E Caregiver Support	Community Living Program	CMS Research Demonstrati- ons & Evaluations MIPPA - AAA	Medicare Enrollment Assistance Program - MIPPA - ADRC	Medicare Enrollment Assistance Program - MIPPA - SHIIP
Catered Meals	\$ 543,326	\$ 1,585,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries	-	-	24,432	358	-	2,645	3,527	2,028
Payroll Taxes	-	-	1,992	29	-	217	307	165
Benefits	-	-	2,239	27	-	856	1,274	753
Travel	-	-	1,470	36	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	25	-	-	-	-	-
Equipment Maintenance	-	-	-	-	-	-	-	-
Postage and Shipping	-	-	-	-	-	-	-	-
Printing and Publications	-	-	-	-	-	-	-	-
Occupancy	-	-	3,393	-	-	657	877	504
Telephone	-	-	658	-	-	-	-	-
Software Licensing	-	-	35	-	-	-	-	-
Equipment rental	-	-	204	-	-	-	-	-
Insurance	-	-	293	-	-	-	-	-
Office Supplies	-	-	169	-	-	-	-	-
Conference and Training	-	-	40	-	-	-	-	-
Other Contractual Services	-	-	675	-	-	-	-	-
Accounting	-	-	750	-	-	-	-	-
Depreciation	-	-	-	-	251	-	-	-
Miscellaneous Expense	-	-	-	-	-	125	15	-
Total Functional Expenses	\$ 543,326	\$ 1,585,300	\$ 36,375	\$ 450	\$ 251	\$ 4,500	\$ 6,000	\$ 3,450

See accompanying notes to the financial statements

Aging and Disability Resource Center /SeniorRx	DHH - Single Point of Entry	Evidence-Based Wellness	Long Term Care Ombudsman Program	CMS - Navigator	Senior Community Services Employment Program (SCSEP)	Total Program Services	Fundraising	Management and General	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,139,618	\$ -	\$ -	\$ 2,139,618
125,646	-	19,558	148,383	-	559,817	880,663	-	205,499	1,086,162
10,833	-	1,826	12,672	-	43,943	71,729	-	16,566	88,295
12,869	-	1,948	25,169	-	13,202	55,470	-	19,042	74,512
1,333	-	676	21,701	-	4,335	30,022	-	6,569	36,591
156	-	-	-	-	-	156	-	75	231
-	-	-	-	-	-	-	-	1,100	1,100
552	-	174	116	-	955	2,012	-	327	2,339
3,529	-	-	70	-	1,955	5,554	-	2,542	8,096
1,906	-	-	1,758	-	242	3,906	-	206	4,112
9,546	-	2,304	3,090	-	6,360	27,590	-	26,468	54,058
3,131	-	390	4,052	-	1,489	9,478	-	4,907	14,385
4,583	-	-	1,003	-	993	6,700	-	4,783	11,483
1,310	-	877	339	-	761	3,534	-	806	4,340
2,104	-	265	1,948	-	1,423	6,033	-	1,930	7,963
2,044	-	498	2,056	-	3,435	8,226	-	4,003	12,229
-	-	-	215	-	40	730	-	993	1,723
2,792	-	581	1,692	-	1,482	6,828	-	13,465	20,293
1,500	-	450	3,000	-	3,400	8,800	-	8,000	16,800
442	800	-	-	-	-	1,492	-	398	1,890
-	-	619	-	-	85	785	3,933	6,233	10,951
<u>\$ 184,276</u>	<u>\$ 800</u>	<u>\$ 30,166</u>	<u>\$ 227,264</u>	<u>\$ -</u>	<u>\$ 643,917</u>	<u>\$ 3,269,326</u>	<u>\$ 3,933</u>	<u>\$ 323,912</u>	<u>\$ 3,597,171</u>

Aging and Disability Resource Center /SeniorRx	DHH - Single Point of Entry	Evidence-Based Wellness	Long Term Care Ombudsman Program	CMS - Navigator	Senior Community Services Employment Program (SCSEP)	Total Program Services	Fundraising	Management and General	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,128,626	\$ 378	\$ -	\$ 2,129,004
144,115	-	24,273	155,440	13,493	-	370,311	-	216,894	587,205
12,081	-	1,961	12,783	1,276	-	30,811	-	17,884	48,695
15,956	-	2,093	24,456	3,702	-	51,356	-	17,351	68,707
896	-	501	25,546	4,341	-	32,790	-	4,502	37,292
1,294	-	-	-	-	-	1,294	-	357	1,651
-	-	-	-	-	-	25	-	1,055	1,080
329	-	-	217	87	-	633	-	926	1,559
2,169	-	-	51	-	-	2,220	-	726	2,946
905	-	-	36	-	-	941	-	239	1,180
13,474	-	3,323	776	346	-	23,350	-	30,708	54,058
2,803	-	938	3,163	206	-	7,768	-	5,907	13,675
3,661	-	-	-	70	-	3,766	-	4,823	8,589
2,423	-	1,002	331	519	-	4,479	-	1,088	5,567
2,141	-	265	2,207	737	-	5,643	-	2,325	7,968
1,244	-	1,155	1,453	-	-	4,021	-	1,125	5,146
25	-	-	-	-	-	65	-	867	932
2,318	-	494	1,906	160	-	5,553	-	13,335	18,888
3,000	-	750	3,500	-	-	8,000	-	8,800	16,800
444	801	-	-	-	-	1,496	-	397	1,893
-	-	-	-	-	-	140	4,302	5,704	10,146
<u>\$ 209,278</u>	<u>\$ 801</u>	<u>\$ 36,755</u>	<u>\$ 231,865</u>	<u>\$ 24,937</u>	<u>\$ -</u>	<u>\$ 2,683,288</u>	<u>\$ 4,680</u>	<u>\$ 335,013</u>	<u>\$ 3,022,981</u>

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
STATEMENTS OF CASH FLOWS

Years ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 53,827	\$ (78,914)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,890	1,893
Decrease (increase) in:		
Receivables on funding contracts	(75,967)	104,848
Receivables from subcontractors	(35,340)	72,778
Prepaid expenses	287	999
Increase (decrease) in:		
Accounts payable and accrued expenses	33,028	6,622
Payables to subcontractors	(51,338)	82,347
Deferred revenue	2,000	2,450
Accrued compensated absences	(6,755)	(6,815)
Net cash provided by (used in) operating activities	(78,368)	186,208
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH	(78,368)	186,208
Cash - beginning of year	404,846	218,638
Cash - end of year	\$ 326,478	\$ 404,846

See accompanying notes to the financial statements

CAPITAL AREA AGENCY ON AGING -DISTRICT II, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities and reporting entity

Capital Area Agency on Aging-District II, Inc. (the Agency) is a non-profit entity incorporated in 1974 to ensure the availability of supportive, nutrition, and volunteer services to people aged 60 and older in the ten parishes surrounding the Baton Rouge capital area. It also serves as an advocate and provides leadership on behalf of the elderly. The Agency coordinates funding to the parish councils on aging and monitors their providing of services to older citizens.

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards (FASB) Accounting Standards Codification (ASC). The Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. At present, the Agency does not have any permanently restricted net assets.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and expense recognition

Contributions, grants, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Agency reports grants and gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Fixed assets and depreciation

Acquisitions of property and equipment amounting to \$1,000 or more are capitalized. Fixed assets are carried at cost less accumulated depreciation. The assets are depreciated for financial reporting purposes using the straight-line method over estimated useful lives of five to ten years. When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

Donated services

No amounts have been reflected in the financial statements for donated services. The Agency pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Agency with its various program activities.

Cash

For the purpose of the statement of cash flows, the Agency considers all unrestricted cash and short-term savings to be cash.

Under the requirements of its grant funding from the State of Louisiana, the Agency must collateralize cash balances held in financial institutions that are in excess of federal deposit insurance. Such deposits are collateralized under a security pledge arrangement with the financial institution which meets the requirements of state law.

Prepaid expenses

The cost of insurance and other services for which benefits extend over more than one accounting period have been recorded as prepaid and are expensed in the period to which they apply.

Functional expenses

The cost of providing various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, management and general and fundraising based upon management's estimates.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget policy

Budgets for the various programs are prepared by the Agency's Executive Director and approved by the Agency's Board of Directors and program grantors. Appropriations from the Governor's Office of Elderly Affairs under Federal Title III lapse at year end. Title IV and other federal appropriations lapse at the federal fiscal year end. Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

The Agency may transfer funds between budgetary line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs with respect to funds received under contracts from that agency.

Receivables and bad debts

Management believes that receivables are collectible in full, and no allowance for bad debts has been provided in the financial statements.

Annual and sick leave

Employees of the Agency are entitled to paid vacation, depending on the length of service. The Agency has recorded a liability for the unused vacation attributable to all eligible employees at the employee's current rate of pay. Because accrued sick leave lapses upon termination, no amount has been accrued.

Advertising costs

The Agency expenses advertising costs as incurred.

Income tax status

The Agency, a nonprofit corporation, is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements.

The Agency accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, the Agency may recognize the tax effect from an uncertain income tax positions only if it is more likely than not that the tax position will be sustained on examination by tax authorities. The Agency has evaluated its tax positions regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

B: RECEIVABLES ON FUNDING CONTRACTS

Receivables on funding contracts at June 30, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
Governor's Office of Elderly Affairs:		
SCSEP Program	\$ 80,353	\$ -
Title III-E Caregiver	30	-
Medicare Enrollment Assistance Program	820	460
Department of Insurance:		
DOI - SHIP Outreach	-	4,776
	<u>\$ 81,203</u>	<u>\$ 5,236</u>

C: FIXED ASSETS

The following is a summary of fixed assets at cost, less accumulated depreciation:

	<u>2017</u>	<u>2016</u>
Computer and related equipment	\$ 11,700	\$ 12,933
Office equipment	19,968	19,968
Furniture and fixtures	3,421	3,421
	<u>35,089</u>	<u>36,322</u>
Less accumulated depreciation	<u>(28,144)</u>	<u>(27,487)</u>
	<u>\$ 6,945</u>	<u>\$ 8,835</u>

Depreciation expense for 2017 and 2016 was \$1,890 and \$1,893, respectively.

D: BOARD OF DIRECTORS' COMPENSATION

Service on the Board of Directors is voluntary and, therefore, members are not compensated in the form of a per diem. Members of the Board are reimbursed for travel expenses. These reimbursements amounted to \$573 and \$1,095 in 2017 and 2016, respectively.

E: PENSION AND DEFERRED COMPENSATION PLANS

The Agency administers a defined contribution pension plan covering all employees with one year or more of service. Employer contributions amounting to 5% of an employee's salary are made annually and benefits are fully and immediately vested. Pension expense of \$25,092 and \$26,381 including administrative charges, is reported in fringe benefits for 2017 and 2016, respectively.

E: PENSION AND DEFERRED COMPENSATION PLANS (Continued)

The Agency also maintains a voluntary salary reduction tax deferred compensation plan for employees electing to participate. The Agency does not make any contributions to this plan.

F: LEASE COMMITMENTS

The Agency currently leases its office space under an operating lease that is on a month to month basis with monthly rent of \$4,505.

Lease expense was \$54,058 for the years ended 2017 and 2016.

G: INTER-PROGRAM TRANSFERS

Transfers in and out are listed by program type for the year ended June 30, 2017 and 2016:

Transfers In For:	Year ended June 30, 2017					
	Transfers Out From:					Total Transfers In
	United Way	N.S.I.P.	LTC	Other Restricted	Local	
Area Agency Administration	\$ 74,498	\$ -	\$15,773	\$ 21,434	\$ 2,296	\$ 114,001
Title III C-1	-	135,311	-	-	-	135,311
Title III C-2	89,748	322,356	-	-	1,478	413,582
Title III B	5,093	-	-	-	-	5,093
ADRC/SenioRx	-	-	-	-	2,370	2,370
Local	-	-	-	2,370	77	2,447
Other Restricted	-	-	-	-	9,752	9,752
Total Transfers Out	<u>\$ 169,339</u>	<u>\$ 457,667</u>	<u>\$ 15,773</u>	<u>\$ 23,804</u>	<u>\$ 15,973</u>	<u>\$ 682,556</u>

Transfers In For:	Year ended June 30, 2016					
	Transfers Out From:					Total Transfers In
	United Way	N.S.I.P.	LTC	Other Restricted	Local	
Area Agency Administration	\$ 85,075	\$ -	\$15,773	\$ 21,000	\$ 10,520	\$ 132,368
Title III C-1	-	137,358	-	-	-	137,358
Title III C-2	58,206	335,418	-	-	-	393,624
ADRC/SenioRx	-	-	-	-	29,442	29,442
CMS Navigator	-	-	-	-	9,169	9,169
Other Restricted	-	-	-	-	3,074	3,074
Total Transfers Out	<u>\$ 143,281</u>	<u>\$ 472,776</u>	<u>\$ 15,773</u>	<u>\$ 21,000</u>	<u>\$ 52,205</u>	<u>\$ 705,035</u>

H: ECONOMIC DEPENDENCY

The Agency receives the majority of its revenue from grants administered by the Louisiana Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and Louisiana state governments. If significant budget cuts are made at the federal and/or state level, the Agency's funding could be reduced significantly and have an adverse impact on its operations. However, management is not aware of any actions by Agency funding sources that will adversely affect operations in the next fiscal year.

The Agency receives support from a number of sources. Significant among those are the following, reflecting their percent of total revenues provided in 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Governor's Office of Elderly Affairs	79%	76%
Local Support - Title IIIC-1/IIIC-2 Meals	16%	19%
United Way	4%	4%

I: FEDERALLY ASSISTED AND OTHER GOVERNMENT PROGRAMS

Federal and state assistance programs represent an important source of funding for the Agency. The federal programs are audited annually in accordance with the Single Audit Act. Other programmatic audits may be conducted by grantor agencies. Prior audits have not resulted in any significant disallowed costs. However, grantor agencies may conduct or require additional examinations which could result in the cancellation of grants or contracts, the disallowance of costs charged to the grant or require the repayment of any questioned costs identified, and such repayments may be material to the financial statements.

J: SUBCONTRACTOR AUDITS

All Council on Aging subcontractors and certain other entities receiving funding from the Agency are responsible for having an independent audit performed in accordance with government auditing standards and, additionally, in accordance with the Single Audit Act if federal expenditures exceed specified thresholds.

K: NET ASSETS

Temporarily restricted net assets consist of funds designated by donors or grantors for specific purposes or programs and total \$166,395 and \$124,529 at June 30, 2017 and 2016, respectively.

K: NET ASSETS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Purpose restriction accomplished:		
Area Agency Administration	\$ 201,572	\$ 196,535
Title IIIB Supportive Services	599,600	593,882
Title IIIC Congregate and Home Delivered Meals	2,068,633	2,072,681
Title IIID Preventive Health	33,495	36,375
Title IIIE Caregiver Support	197,183	196,651
Long Term Care program	243,037	247,638
SCSEP Program	643,917	-
SenioRx / ADRC program	181,906	179,837
Senior Health Insurance program	12,000	10,000
Nutritional Services Incentive program	457,667	472,776
No Wrong Door	-	11,000
Medicare Enrollment Assistance	11,820	9,450
CMS Research Demonstration and Evaluations	-	4,500
Capital Area United Way	176,058	150,000
Cooperative Agreement to Support Navigators	-	24,937
Other programs	9,928	2,773
Total restrictions released	<u>\$ 4,836,816</u>	<u>\$ 4,209,035</u>

L: CONCENTRATIONS OF CREDIT RISK

Capital Area Agency on Aging, District II, maintains deposits in a local financial institution with balances at times that may exceed the \$250,000 federal insurance provided by the Federal Deposit Insurance Corporation. At June 30, 2017 and 2016, collateral in the amount of \$97,839 and \$165,883, respectively, was provided to cover deposits in excess of federal insurance coverage, as required.

M: NON CASH INVESTING AND FINANCING ACTIVITIES

There were no non cash investing and financing activities in fiscal 2017 and 2016.

N: CONTINGENCIES

The Agency receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

O: SUBSEQUENT EVENTS

Subsequent events were evaluated through November 27, 2017, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

DESCRIPTION OF PROGRAMS

Title III C-1 Area Agency Administration (AAA)

The Title III C-1 Area Agency Administration (AAA) Program accounts for the administration of the services provided to the elderly. Title III C-1 AAA funds are provided by the U.S. Department of Health and Human Services through the Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging. These funds are used to pay the costs of administering programs.

Title III-B Program

The Title III-B Program is used to account for the support services, which include access services, in-home services, community services, and transportation for the elderly. Title III-B funds are provided by the U. S. Department of Health and Human Services through the Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging, which "passes through" the funds to the various service providers.

Title III C-1 Program

The Title III C-1 Program accounts for the revenues and expenditures of federal and state grants for congregate meals for the elderly in strategically located centers. These funds are provided in the same manner as Title III-B above.

Title III C-2 Program

Title III C-2 funds are used to provide nutritional meals to home-bound older persons. These funds are provided in the same manner as Title III-B above.

Title III-D Program

The Title III-D Program accounts for funds used to provide disease prevention and health promotion services. This includes wellness activities and medication management services. These funds are provided in the same manner as Title III-B above. A portion of the medication management services is provided directly by the Agency through medication management seminars.

Title III-E Program

The Title III-E Program accounts for funds which are used to provide various caregiver support services. These include public education, information and assistance; support groups, in-home respite care; material aid; personal care services and sitter services. These funds are provided in the same manner as Title III-B above.

Regional Office of LA Aging and Disability Resource Center (ADRC) and SenioRx

The Agency is designated by the Governor's Office of Elderly Affairs as the Aging and Disability Resource Center (ADRC) for a 13-parish area. The ADRC offers a "one-stop-shop" for public and private programs at the community level that will help individuals who are 60 years and older and individuals with adult onset disabilities. This program helps consumers find the answers and information needed to improve their health, independence and quality of life. The Louisiana Senior Prescription Drug Program, operating through the ADRC, links qualified low-income and disabled adults to free or discounted drugs directly from the pharmaceutical manufacturer.

N.S.I.P. Program

The Nutritional Services Incentive Program (N.S.I.P.) administered by the U.S. Department of Health and Human Service is used to account for the administration of Food Distribution Program funds, through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Capital Area Agency on Aging. This program reimburses the area agencies on a per unit basis for each congregate and home delivered meal served to an eligible participant so that U.S. food and commodities may be purchased to supplement these programs.

United Way Program

The United Way Program is used to account for funds received from the Capital Area and other United Way organizations to supplement administrative costs, the home delivered meals program and a Personal Care Program.

Utility Assistance Program

The Utility Assistance Program is used to account for the administration of programs sponsored by local utility companies who collect contributions from service customers and employees. These contributions and the utility companies' corporate donations are remitted to the Agency which "passes through" the funds to the various councils to provide assistance to the elderly with emergencies in the payment of energy costs.

Medicare Enrollment Assistance Program

The Medicare Enrollment Assistance Program is used to provide outreach to eligible Medicare beneficiaries regarding the benefits available under federal and state programs for older Americans. This program is also used to conduct research, demonstrations, and evaluations for high-quality health care at a reasonable cost. The program will focus on expanding agency efforts to improve the efficiency of payment, delivery, access and quality of our health care programs.

Evidence-Based Wellness

The Evidence-Based Wellness Program deploys evidence-based chronic disease self-management programs targeted at older adults with chronic conditions to maintain and improve their health status.

Title III B, Long Term Care Ombudsman Services

The Title III B, Long Term Care Ombudsman provides funding to design and implement programs for the provision of long-term care ombudsman services for individuals living in long-term care facilities.

Community-based Care Transition Program

The Community-based Care Transition Program is used to assist Medicare fee-for-services beneficiaries, recently discharged from the hospital, in order to prevent an avoidable readmission within the first thirty days following discharge. The program expired in fiscal year 2015.

Cooperative Agreement to Support Navigators

The Cooperative Agreement to Support Navigators, a program funded by the Federal Centers for Medicare and Medicaid Services (CMS), is used to assist consumers who are attempting to enroll in a health care insurance policy through the federally-operated Marketplace.

Senior Community Services Employment Program

The Senior Community Service Employment Program is a community service and work-based job training program for older Americans. Authorized by the Older Americans Act, the program provides training for low-income, unemployed seniors. Participants also have access to employment assistance through American Job Centers.

Other Programs

Other grants and contributions may be used to support various programs as the need arises.

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
DETAILED SCHEDULE OF PROGRAM ACTIVITIES
For the year ended June 30, 2017

	-----UNRESTRICTED-----			-----TEMPORARILY RESTRICTED-----				
	LOCAL	Evidence-Based Wellness	TITLE III C-1 AAA	TITLE III-B	TITLE III C-1	TITLE III C-2	TITLE III-D	TITLE III-E
SUPPORT AND REVENUE								
Governmental:								
Federal and State grants passed through								
Governor's Office of Elderly Affairs	\$ -	\$ -	\$ 150,725	\$ 397,851	\$ 434,072	\$ 286,210	\$ 36,373	\$ 147,887
Department of Insurance	-	-	-	-	-	-	-	-
State of Louisiana								
Governor's Office of Elderly Affairs	-	-	50,242	201,749	125,032	457,235	-	49,296
Other:								
Capital Area United Way	-	-	-	-	-	-	-	-
Annual fund raisers	17,819	-	-	-	-	-	-	-
Local support - meal programs	-	-	-	-	92,487	673,597	-	-
Other	11,186	23,292	-	-	-	-	-	-
	<u>29,005</u>	<u>23,292</u>	<u>200,967</u>	<u>599,600</u>	<u>651,591</u>	<u>1,417,042</u>	<u>36,373</u>	<u>197,183</u>
EXPENSES								
Administration:								
Salaries	-	22,436	204,894	-	-	-	23,914	246
Payroll tax and fringe benefits	-	3,774	35,608	-	-	-	3,759	44
Travel	11	676	6,558	-	-	-	1,977	-
Operating services	27	4,009	43,117	-	-	-	5,243	-
Operating supplies	1,870	498	2,133	-	-	-	193	-
Professional services	-	732	21,165	-	-	-	734	-
Other costs	7,843	919	1,493	-	-	-	553	-
Capital Outlay	-	-	-	-	-	-	-	-
	<u>9,751</u>	<u>33,044</u>	<u>314,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,373</u>	<u>290</u>
CATERED MEALS - MEALS PROGRAM								
Raw food	-	-	-	-	199,810	456,876	-	-
Labor and non-edibles	-	-	-	-	360,617	1,122,315	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,427</u>	<u>1,579,191</u>	<u>-</u>	<u>-</u>
Contracted social services:								
Alzheimer's Services of Capital Area	-	-	-	-	-	-	-	22,737
Ascension Council on Aging, Inc.	-	-	-	63,020	20,515	27,065	-	1,800
Assumption Council on Aging, Inc.	-	-	-	48,047	24,508	12,674	-	1,875
E. Felician Council on Aging, Inc.	-	-	-	51,715	17,842	34,205	-	-
Home Instead Senior Care	-	-	-	-	-	-	-	33,796
Iberville Council on Aging, Inc.	-	-	-	56,744	30,041	20,768	-	1,050
Pointe Coupee Council on Aging, Inc.	-	-	-	58,578	33,979	9,958	-	2,625
St. Helena Council on Aging, Inc.	-	-	-	30,638	8,866	24,378	-	150
Southeast La. Legal Services Corp.	-	-	-	22,957	-	-	-	-
Tangipahoa Council on Aging, Inc.	-	-	-	122,326	54,538	57,419	-	975
Myers Corporation Care, LLC (Comfort Keepers)	-	-	-	10,059	-	-	-	91,181
Washington Council on Aging, Inc.	-	-	-	82,428	16,049	45,090	-	39,804
W. B. R. Council on Aging, Inc.	-	-	-	33,921	10,952	7,576	-	900
W. Felician Council on Aging, Inc.	-	-	-	24,260	9,185	12,300	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,693</u>	<u>226,475</u>	<u>251,433</u>	<u>-</u>	<u>196,893</u>
Total expenses	<u>9,751</u>	<u>33,044</u>	<u>314,968</u>	<u>604,693</u>	<u>786,902</u>	<u>1,830,624</u>	<u>36,373</u>	<u>197,183</u>
Change in net assets before interfund transfers	19,254	(9,752)	(114,001)	(5,093)	(135,311)	(413,582)	-	-
OTHER FINANCING SOURCES (USES):								
Operating transfers in	2,447	9,752	114,001	5,093	135,311	413,582	-	-
Operating transfers out	(15,973)	-	-	-	-	-	-	-
	<u>(13,526)</u>	<u>9,752</u>	<u>114,001</u>	<u>5,093</u>	<u>135,311</u>	<u>413,582</u>	<u>-</u>	<u>-</u>
Change in net assets	5,728	-	-	-	-	-	-	-
NET ASSETS								
Beginning of year	(137,928)	130	-	-	-	-	-	-
End of year	<u>\$ (132,200)</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Per instructions from OEA this schedule is prepared without consideration of compensated absences and reports capital outlay in lieu of depreciation expense

Aging and Disability Resource Center/SenioRx	LTC Ombudsman	MIPPA Priority 2 AAA	MIPPA Priority 3 ADRC	MIPPA Priority 3 SHIP	Senior Community Services Empl Prog	NSIP	Disaster Assistance	DOI - SHIP OUTREACH	UNITED WAY	UTILITY Assistance	OTHER	TOTAL
\$ -	\$ 198,817	\$ 3,980	\$ 3,340	\$ 4,500	\$ 578,759	\$471,751	\$ 9,235	\$ -	\$ -	\$ -	\$ -	\$ 2,723,500
-	-	-	-	-	-	-	-	12,000	-	-	-	12,000
181,775	46,363	-	-	-	64,307	-	1,500	-	-	-	-	1,177,499
-	-	-	-	-	-	-	-	-	195,000	-	-	195,000
-	-	-	-	-	-	-	-	-	-	-	-	17,819
-	-	-	-	-	-	-	-	-	-	-	-	766,084
-	-	-	-	-	-	-	-	-	6,232	-	4,600	45,310
181,775	245,180	3,980	3,340	4,500	643,066	471,751	10,735	12,000	201,232	-	4,600	4,937,212
125,958	150,526	1,914	1,913	2,152	558,965	-	-	-	-	-	-	1,092,918
23,702	37,840	267	343	324	57,146	-	-	-	-	-	-	162,807
1,333	21,702	-	-	-	4,335	-	-	-	-	-	-	36,592
26,816	12,376	748	748	842	14,178	-	-	-	-	-	-	108,104
2,044	2,056	-	-	-	3,435	-	-	-	-	-	-	12,229
4,209	4,692	-	-	-	4,583	-	-	-	-	-	-	36,115
83	215	-	-	-	424	-	-	-	-	-	2,123	13,653
-	-	-	-	-	-	-	-	-	-	-	-	-
184,145	229,407	2,929	3,004	3,318	643,066	-	-	-	-	-	2,123	1,462,418
-	-	-	-	-	-	-	-	-	-	-	-	656,686
-	-	-	-	-	-	-	-	-	-	-	-	1,482,932
-	-	-	-	-	-	-	-	-	-	-	-	2,139,618
-	-	-	-	-	-	-	-	-	-	-	-	22,737
-	-	-	-	-	-	-	-	-	-	-	-	112,400
-	-	-	-	-	-	-	-	-	-	-	-	87,104
-	-	-	-	-	-	-	-	-	-	-	-	103,762
-	-	-	-	-	-	-	-	-	-	-	-	33,796
-	-	-	-	-	-	-	-	-	-	-	-	108,603
-	-	-	-	-	-	-	-	-	6,719	-	-	111,859
-	-	-	-	-	-	-	-	-	-	-	-	64,032
-	-	-	-	-	-	-	-	-	-	-	-	22,957
-	-	-	-	-	-	-	-	-	-	-	-	235,258
-	-	-	-	-	-	-	-	-	-	-	-	101,240
-	-	-	-	-	-	-	-	-	-	-	-	183,371
-	-	-	-	-	-	-	-	-	-	-	-	53,349
-	-	-	-	-	-	-	-	-	-	-	-	45,745
-	-	-	-	-	-	-	-	-	6,719	-	-	1,286,213
184,145	229,407	2,929	3,004	3,318	643,066	-	-	-	6,719	-	2,123	4,888,249
(2,370)	15,773	1,051	336	1,182	-	471,751	10,735	12,000	194,513	-	2,477	48,963
2,370	-	-	-	-	-	-	-	-	-	-	-	682,556
-	(15,773)	(1,051)	(336)	(1,182)	-	(457,667)	(9,235)	(12,000)	(169,339)	-	-	(682,556)
2,370	(15,773)	(1,051)	(336)	(1,182)	-	(457,667)	(9,235)	(12,000)	(169,339)	-	-	-
-	-	-	-	-	-	14,084	1,500	-	25,174	-	2,477	48,963
-	-	-	-	-	-	151,013	-	-	-	14	35,651	48,880
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$165,097	\$ 1,500	\$ -	\$ 25,174	\$ 14	\$ 38,128	\$ 97,843

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
SCHEDULE OF CHANGES IN FIXED ASSETS**
June 30, 2017

	Balance June 30, 2016	Reclassifications	Additions	Deletions	Balance June 30, 2017
FIXED ASSETS					
Computer and related equipment	\$ 12,933	\$ -	\$ -	\$ 1,232	\$ 11,701
Office equipment	19,968	-	-	-	19,968
Furniture and fixtures	3,421	-	-	-	3,421
TOTAL FIXED ASSETS	<u>\$ 36,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,232</u>	<u>\$ 35,090</u>
INVESTMENT IN FIXED ASSETS					
Title III C-1 Area Agency Administration	\$ 3,421	\$ -	\$ -	\$ -	\$ 3,421
Louisiana ADRC/SenioRx	5,006	-	-	-	5,006
DHH Single Point of Entry (SPOE)	8,001	-	-	-	8,001
Community Living Program	2,500	-	-	-	2,500
Medicare Enrollment Assistance Program	2,581	-	-	-	2,581
Title III - LTC Ombudsman	3,697	-	-	1,232	2,465
Local	11,116	-	-	-	11,116
TOTAL INVESTMENT IN FIXED ASSETS	<u>\$ 36,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,232</u>	<u>\$ 35,090</u>

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTORS/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	TOTAL FEDERAL EXPENDITURES	TOTAL AMOUNT PROVIDED TO SUBRECIPIENTS
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Louisiana Governor's Office Of Elderly Affairs:				
Special Programs for the Aging:				
Title III, Part B Supportive Services	93.044	720220	\$ 397,851	\$ 397,851
Title III, Part C-Area Agency Administration	93.045	720220	150,725	-
Title III, Part C-1 Nutritional Services Congregate Meals	93.045	720220	434,072	210,515
Title III, Part C-2 Nutritional Services Home Delivered Meals	93.045	720220	286,210	107,080
Total Title III, Part C	93.045		<u>871,007</u>	
Nutritional Services Incentive Program	93.053	720102	457,667	-
Total Cluster			<u>1,726,525</u>	
Title III, Part B Ombudsman Long-Term Care Services	93.042	721581	198,817	-
Title III, Part D Disease Prevention and Health Promotion Services	93.043	720220	36,373	-
Title III, Part E Caregiver Support	93.052	720220	147,887	147,670
Medicare Enrollment Assistance Program (MIPPA)	93.071	726094	11,820	-
Disaster Assistance	93.048		9,235	-
Department of Labor				
Title V Senior Community Services Employment Program	17.235	720220	578,759	-
Passed Through the Louisiana Department of Insurance:				
Center for Medicare and Medicaid Services	93.779	725542	12,000	-
			<u>\$ 2,721,416</u>	

Note A: This schedule is prepared using the accrual basis of accounting. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, the amounts presented on the schedule may differ from amounts presented in the basic financial statements.

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEADS**

June 30, 2017

Agency Head Name:

Essie Kennerson
Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 63,962
Benefits - insurance	7,555
Benefits - retirement	750
Travel	552

Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA

Alvin J. Callais, CPA
Michael A. Tham, CPA, CGMA
Susan S. Tham, CPA

Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA



Member of the Private
Companies Practice
Section of the American
Institute of CPAs

**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**

The Board of Directors
Capital Area Agency on Aging - District II, Inc.

We have audited, 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, the financial statements of Capital Area Agency on Aging – District II, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Capital Area Agency on Aging - District II, Inc.'s financial statements are free of 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 instance 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 Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana R. S. 24:513, this report is distributed by the Legislative Auditor as a public document.

L.A. Champagne & Co. L.L.P.

Baton Rouge, Louisiana

November 27, 2017

Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA

Alvin J. Callais, CPA
Michael A. Tham, CPA, CGMA
Susan S. Tham, CPA

Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA



Member of the Private
Companies Practice
Section of the American
Institute of CPAs

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

The Board of Directors
Capital Area Agency on Aging - District II, Inc.

Report on Compliance for Each Major Federal Program

We have audited Capital Area Agency on Aging - District II, Inc.'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 Capital Area Agency on Aging - District II, Inc.'s major federal programs for the year ended June 30, 2017. Capital Area Agency on Aging - District II, Inc.'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 Capital Area Agency on Aging - District II, Inc.'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 Capital Area Agency on Aging - District II, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Capital Area Agency on Aging - District II, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Capital Area Agency on Aging - District II, Inc. complied, in all material respects, with the 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, 2017.

Report on Internal Control over Compliance

Management of Capital Area Agency on Aging - District II, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Capital Area Agency on Aging - District II, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a 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 the Capital Area Agency on Aging - District II, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

L.A. Champagne & Co. L.L.P.

Baton Rouge, Louisiana

November 27, 2017

CAPITAL AREA AGENCY ON AGING - DISTRICT II, INC.
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Capital Area Agency on Aging - District II, Inc.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*."
3. No instances of noncompliance material to the financial statements of Capital Area Agency on Aging - District II, Inc. were disclosed during the audit.
4. No significant deficiencies in internal controls over compliance with requirements applicable to major federal award programs are reported in the "Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award programs for Capital Area Agency on Aging - District II, Inc. expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for Capital Area Agency on Aging - District II, Inc. are reported in Part C of this Schedule. There were no reportable findings.
7. A management letter was not issued.
8. The programs tested as a major program are as follows:
 - U. S. Department of Health and Human Services
 - Special Programs for the Aging:
 - Title III-B – Supportive Services; CFDA# 93.044
 - Title III-C – Nutrition Services; CFDA# 93.045
 - N.S.I.P. – Nutrition Services Incentive Program; CFDA# 93.053
9. The threshold for distinguishing Types A and B programs was \$750,000.
10. Capital Area Agency on Aging - District II, Inc. was determined to be a low-risk auditee.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings that are required to be reported in this section of the report.

C: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There are no findings that are required to be reported in this section of the report.

**CAPITAL AREA AGENCY ON AGING -
DISTRICT II, INC.**

BATON ROUGE, LOUISIANA

JUNE 30, 2017

STATEWIDE AGREED UPON PROCEDURES

L.A. CHAMPAGNE 
Certified Public Accountants

4911 BENNINGTON AVENUE, BATON ROUGE, LOUISIANA 70808-3153
(225) 925-1120 ~ FAX: (225) 927-8124 ~ EMAIL: lac@laccpa.com

Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA

Alvin J. Callais, CPA
Michael A. Tham, CPA, CGMA
Susan S. Tham, CPA

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Board of Directors
Capital Area Agency on Aging - District II, Inc.

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

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

- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and do address the functions noted above

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

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

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

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

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

Written policies and procedures were obtained and do address functions noted above.

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

Written policies and procedures were obtained and do address functions noted above.

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

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

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

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

Debt service requirements are not applicable to nonprofits.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the Board of Directors meetings for the fiscal period noting that the Agency was in compliance.

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

Minutes reviewed did include monthly budget-to-actual comparisons.

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

Deficit spending was not noted during the fiscal period.

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

The minutes do reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Obtained a listing of client bank accounts from management and management provided representation that the listing is complete.

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

- a) Bank reconciliations have been prepared:

Bank reconciliations have been prepared for all months.

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

Evidence of management's review of the bank reconciliations for each month were noted.

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

Bank reconciliations for the payroll account listed one check totaling \$250 that was outstanding for more than 6 months and there was documentation by management noting the item was researched.

Collections

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

Obtained listing of cash collection locations and management provided representation that the listing is complete.

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

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

Written documentation was obtained and it was noted that the functions addressed above were implemented in accordance with policy.

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

Written documentation was obtained and it was noted that the functions addressed above were implemented in accordance with policy.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained for the selected cash collections and it was noted that deposits were made within one day of collection.

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

Daily cash collections selected were completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

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

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

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

Obtained listing of disbursements and management provided representation that the listing is complete.

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

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

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

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

Examined supporting documentation for each of the disbursements selected and noted appropriate approval of purchase orders by a person who did not initiate the transaction.

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

Examined supporting documentation for each of the disbursements selected and noted appropriate purchase order, receiving report, and approved invoice.

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

Personnel responsible for processing payments have the ability to set up vendors, however they do not have signature authority.

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

Written policies and procedures provided do address the separation of signatory authority from initiating or recording of purchases.

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

Supply of unused checks are maintained in a locked location, with restricted access from those persons with signatory authority.

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

The agency does not utilize a signature stamp or signature machine.

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

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

Obtained a listing of all active credit cards and management provided representation that the listing is complete.

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

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

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

Documentation of review noted for each monthly statement selected.

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

There were finance charges of \$36 on one of the statements tested.

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

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)

There were 3 transactions that were missing an original invoice.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Travel and Expense Reimbursement

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

Obtained listing of travel and expense reimbursements by person and management provided representation that the listing is complete.

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

Written policies and procedures were obtained from management and no amounts listed in the policies regarding travel and expense reimbursements exceed GSA rates.

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

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

Expenses selected were reimbursed and prepaid in accordance with written policies.

- b) Report whether each expense is supported by:

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

Expenses selected were supported by documentation that identified what was purchased.

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

No exceptions noted.

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

Documentation required by written policy noted for each expense reimbursement selected.

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

If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

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

Each expense reimbursement selected was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

Obtained listing of all contracts in effect and management provided representation that the listing is complete.

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

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

A formal/written contract supporting the service arrangements and the amount paid was noted for the vendors selected.

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

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

Contracts selected complied with all legal requirements per the Louisiana Public Bid Law or Procurement Code.

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

Not applicable.

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

Contracts selected were not amended.

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

The invoices and related payments selected complied with the terms and conditions of the contract.

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

Board approval not required on contracts selected for testing.

Payroll and Personnel

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

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

Each employee selected was paid in accordance with the terms and conditions of the employment contract or pay rate structure.

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

There were no changes to employee rates for the employees selected for testing.

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

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

Documentation of daily attendance and leave was noted for each selected employee.

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

Documentation of supervisor approval for attendance and leave was noted for each selected employee.

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

Documentation of written leave records were maintained for employees selected.

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

Obtained listing of employees terminated during the fiscal period and management provided representation that the listing is complete. Termination payments were made in accordance with policy and approved by management.

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

Obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period noting that related payments and required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

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

Ethics compliance documentation was maintained in the personnel files for the sample of employees tested.

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

Management has asserted that the entity did not have any alleged ethic violations reported to them during the reporting period.

Debt Service (excluding nonprofits)

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

Debt service section is not applicable to nonprofits.

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

Debt service section is not applicable to nonprofits.

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

Debt service section is not applicable to nonprofits.

Other

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

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

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

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

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

No exceptions noted.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the 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.

L.A. Champagne & Co. L.L.P.

*Baton Rouge, Louisiana
November 27, 2017*