

**CAPITAL REGION PLANNING COMMISSION**

Audit of Financial Statements

June 30, 2018



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## Independent Auditor's Report

To the Commissioners of the  
Capital Region Planning Commission  
Baton Rouge, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Capital Region Planning Commission (the Commission), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission'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 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission as of June 30, 2018, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note A to the financial statements, the Commission adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* for the year ended June 30, 2018. The adoption of GASB Statement No. 75 restated the governmental activities net position and adjusted the disclosures and required supplementary information. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 9, the budgetary comparison information on page 31, and the schedule of changes in net OPEB liability and related ratios on page 32, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 36, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer on page 35, as required by Louisiana Revised Statute (LRS) 24:513 A, and the schedule of indirect cost allocation are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of indirect cost allocation are the responsibility of management and were derived from and relate 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Commission's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Baton Rouge, LA  
December 17, 2018

**REQUIRED SUPPLEMENTARY INFORMATION (PART I)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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The management's discussion and analysis of the Capital Region Planning Commission's (the Commission) financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts.

**FINANCIAL HIGHLIGHTS**

- The Commission's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2018 by approximately \$584,000 compared with \$416,000 last fiscal year.
- The net position increased by approximately \$168,000 compared to an increase of approximately \$124,000 last fiscal year.
- Operating grants increased by approximately \$24,000 compared to the 2017 fiscal year of approximately \$319,000.
- Total Commission expenses decreased by approximately \$18,000 in relation to last fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts - management's discussion and analysis (this section), the financial statements, other required supplementary information, and other supplementary information. The other supplementary information presents schedules of indirect cost allocation, executive director's compensation, and expenditures of federal awards.

**Government-Wide Financial Statements**

The government-wide financial statements present information for the Capital Region Planning Commission as a whole, in a format designed to make the statements easier for the reader to understand. This broad overview of the Commission's finances is done in a manner similar to private-sector business. The statements of this section include the statement of net position and the statement of activities.

Statement of Net Position - presents information on all of the Commission's assets, deferred outflows, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

Statement of Activities - presents information showing how the Commission's net position changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governmental entities, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds - are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of expendable resources at the end of the fiscal year. Such information may be useful in evaluating the Commission's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Commission's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains nine different governmental federal and state grants within the General Fund. The Commission adopts an annual appropriated budget for the General Fund. Budgetary comparison statements have been provided to demonstrate performance of actual results with budgeted amounts.

**FINANCIAL ANALYSIS OF THE COMMISSION**

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the Capital Region Planning Commission, assets and deferred outflows exceed liabilities and deferred inflow of resources by approximately \$584,000 at the close of the recent fiscal year.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**Capital Region Planning Commission  
Summary Statements of Net Position  
June 30, 2018 and 2017**

	2018	2017
<b>Assets</b>		
Cash, Investments, Receivables and Other Assets	\$ 1,818,658	\$ 1,766,488
Capital Assets, Net	32,738	51,897
<b>Total Assets</b>	<u>1,851,396</u>	<u>1,818,385</u>
<b>Deferred Outflows of Resources</b>	<u>11,289</u>	-
<b>Liabilities</b>		
Accounts and Other Liabilities	222,335	298,844
Long-Term Liabilities	423,158	487,200
<b>Total Liabilities</b>	<u>645,493</u>	786,044
<b>Deferred Inflow of Resources</b>	<u>633,421</u>	616,323
<b>Total Net Position</b>	<u>\$ 583,771</u>	<u>\$ 416,018</u>

Cash increased by \$52,170 over the prior year. Receipt of a grant designated for the planned purchase of a building that is recorded as deferred inflows of resources of \$616,323. The deferral will be recognized once the building is purchased with the requirements of the grant being completed.

The composite net position amount of approximately \$584,000 as of June 30, 2018 consists of net investment in capital assets and unrestricted net position in the amounts of approximately \$33,000 and \$551,000, respectively.

As of June 30, 2018, the Commission's net position increased by approximately \$168,000 as a result of increased federal grant funding and a result of the change in accounting principal for the adoption of GASB Statement No. 75 which increased beginning net position by \$75,029.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

**The Capital Region Planning Commission  
Summary Statements of Changes in Net Position  
For the Years Ended June 30, 2018 and 2017**

<b>Governmental Activities</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
Program Revenues		
Dues	\$ 124,601	\$ 124,771
Operating Grants	2,257,816	2,233,598
General Revenues		
In-Kind	99,140	171,046
Outside Agency Local Match	66,825	91,963
Investment and Other	35,183	10,896
<b>Total Revenues</b>	<b>2,583,565</b>	<b>2,632,274</b>
<b>Expenses</b>		
Program Expenses	2,490,841	2,508,426
<b>Total Expenses</b>	<b>2,490,841</b>	<b>2,508,426</b>
<b>Increase in Net Position</b>	<b>\$ 92,724</b>	<b>\$ 123,848</b>

The Commission's total revenues decreased \$48,709 or 2% from the prior fiscal year due to a decrease in in-kind rent. The total cost of all programs and services, including in-kind expenses, decreased by \$17,585 as compared with last year.

**CAPITAL ASSETS**

At the end of the fiscal year 2018, the Commission had \$32,738 invested in a broad range of capital assets, net of accumulated depreciation. This amount represents a net decrease of \$19,159 over the prior fiscal year, as a result of depreciation of these assets recognized of \$29,820 during the current fiscal year offset by the acquisition of new capital assets totaling \$10,661.

<b>Governmental Activities</b>	<b>2018</b>	<b>2017</b>
Furniture, Fixtures and Office Equipment	\$ 416,557	\$ 405,896
Vehicles	24,489	24,489
Accumulated Depreciation	(408,308)	(378,488)
<b>Total</b>	<b>\$ 32,738</b>	<b>\$ 51,897</b>

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Management's Discussion and Analysis**

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**BUDGET**

The annual budget is proposed by the executive director on an organizational-wide basis, and formally adopted by the Board of Commissioners. The budget may be amended during the year at the Commission's discretion.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Budgeted revenues for fiscal year 2019 are \$3,059,301, which represents a 18.4% increase over fiscal year 2018 actual revenues. The increase in budgeted revenues is primarily due to an anticipated increase in federal funding. Budgeted expenditures for fiscal year 2019 are \$3,004,301, which represents a 22.4% increase over fiscal year 2018 actual expenditures.

**CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide granting agencies, citizens, and oversight bodies with a general overview of the Capital Region Planning Commission's finances.

If you have any questions about this report, contact Jaime Setze, Executive Director, Capital Region Planning Commission, Post Office Box 3355, Baton Rouge, Louisiana 70821-3355.

**BASIC FINANCIAL STATEMENTS  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CAPITAL REGION PLANNING COMMISSION**  
**BATON ROUGE, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 1,177,391
Investments	121,342
Receivables, Net	455,077
Prepaid Expenses	52,377
Restricted Cash	12,471
Capital Assets, Net of Accumulated Depreciation	<u>32,738</u>
<b>Total Assets</b>	<u>1,851,396</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows Related to Other Post-Employment Benefits	<u>11,289</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	204,008
Accrued Expenses	9,145
Flexible Spending Liability	9,182
Long-Term Liabilities:	
Compensated Absences	80,796
Net Other Postemployment Benefit Obligation (OPEB)	<u>342,362</u>
<b>Total Liabilities</b>	<u>645,493</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows Related to Other Post-Employment Benefits	17,098
Resources Received Before Timing Requirements Met	<u>616,323</u>
<b>Total Deferred Inflows of Resources</b>	<u>633,421</u>
<b>Net Position</b>	
Net Investment in Capital Assets	32,738
Unrestricted	<u>551,033</u>
<b>Total Net Position</b>	<u><u>\$ 583,771</u></u>

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

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Statement of Activities  
 For the Year Ended June 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
<b>Governmental Activities</b>				
General Government	\$ 2,490,841	\$ 124,601	\$ 2,257,816	\$ (108,424)
<b>General Revenues</b>				
In-Kind Revenue				99,140
Outside Agency Local Match				66,825
Investment Earnings				108
Other Revenues				35,075
<b>Total General Revenues</b>				<u>201,148</u>
<b>Change in Net Position</b>				92,724
<b>Net Position, Beginning of Year</b>				<u>416,018</u>
<b>Change in Accounting Principle</b>				75,029
<b>Net Position, Beginning of Year, Restated</b>				<u>491,047</u>
<b>Net Position, End of Year</b>				<u>\$ 583,771</u>

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

**FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUND**

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Balance Sheet  
 Governmental Fund  
 June 30, 2018**

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 1,177,391
Investments	121,342
Receivables, Net	455,077
Prepaid Expenses	52,377
Restricted Cash	<u>12,471</u>
<b>Total Assets</b>	<b><u>\$ 1,818,658</u></b>
<b>Liabilities</b>	
Accounts Payable	\$ 204,008
Accrued Expenses	9,145
Flexible Spending Liability	<u>9,182</u>
<b>Total Liabilities</b>	<b><u>222,335</u></b>
<b>Deferred Inflows of Resources</b>	
Resources Received Before Timing Requirements Met	<u>616,323</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>616,323</u></b>
<b>Fund Balance</b>	
Unassigned	<u>980,000</u>
<b>Total Fund Balance</b>	<b><u>980,000</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b><u>\$ 1,818,658</u></b>

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

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Reconciliation of the Governmental Fund  
 Balance Sheet to the Statement of Net Position  
 June 30, 2018**

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**Reconciliation of the Governmental Fund Balance Sheet to the  
 Statement of Net Position**

Total Fund Balance		\$ 980,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of Capital Assets	\$ 441,046	
Less: Accumulated Depreciation	<u>(408,308)</u>	32,738
Deferred Outflows/inflows related to other post-employment benefits are not due and payable in the current period and are not reported in the fund financial statements		
Deferred Outflows Related to Other Postemployment Benefits		11,289
Deferred Inflows Related to Other Postemployment Benefits		<u>(17,098)</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Net Other Postemployment Benefit Obligation (OPEB)		(342,362)
Compensated Absences		<u>(80,796)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 583,771</u></b>

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

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Governmental Fund  
 For the Year Ended June 30, 2018**

	<b>General Fund</b>
<hr/>	
<b>Revenues</b>	
Federal Funding	\$ 2,248,664
Local Funding	
Dues Assessment	124,601
Outside Agency Local Match	66,825
State Grant Funding	9,152
In-Kind Revenue	99,140
Investment Income	108
Other Income	35,075
	<hr/>
<b>Total Revenues</b>	<b>2,583,565</b>
	<hr/>
<b>Expenditures</b>	
Advertising and Promotions	1,972
Auto Insurance	3,562
Bad Debt	8,670
Consultant Fees	60,134
Contractual	545,010
Deferred Compensation	117,427
Dues and Subscriptions	5,556
Equipment and Facilities Maintenance	4,276
Equipment Rental	4,473
General Insurance	11,058
Group Insurance	171,717
Legal and Accounting	171,197
Miscellaneous	12,233
Office Supplies	13,834
Payroll Taxes	21,080
Postage	166
Professional Education	9,946
Publishing	635
Rent (In-Kind)	99,140
Salaries	1,107,318
Telephone	6,645
Travel	23,307
Vehicle Expenses	2,966
Capital Outlay	52,564
	<hr/>
<b>Total Expenditures</b>	<b>2,454,886</b>
	<hr/>
<b>Net Change in Fund Balance</b>	<b>128,679</b>
<b>Fund Balance, Beginning of Year</b>	<b>851,321</b>
	<hr/>
<b>Fund Balance, End of Year</b>	<b>\$ 980,000</b>
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The accompanying notes are an integral part of these financial statements.

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balance of the Governmental Fund  
 to the Statement of Activities  
 For the Year Ended June 30, 2018**

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<b>Net Change in Fund Balance - Total Governmental Fund</b>	<b>\$</b>	<b>128,679</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlay Capitalized	\$ 10,661	
Depreciation Expense for the Year Ended June 30, 2018	<u>(29,820)</u>	(19,159)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:

Change in Net Other Postemployment Benefit Obligation (OPEB)		(30,052)
Compensated Absences Payable		<u>13,256</u>

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>92,724</u></b>
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The accompanying notes are an integral part of these financial statements.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

**Introduction**

The Capital Region Planning Commission (CRPC or the Commission) is a Council of Governments serving the eleven-parish Capital Region, which includes the following Parishes: Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, Tangipahoa, Washington, West Baton Rouge, and West Feliciana. A Council of Governments is a voluntary association of independent local governments who, through planning and communication, fosters cooperation and coordination in resolving area-wide problems beyond any individual constituency's authority or competence. Individual governmental entities are represented by locally elected officials who must constitute a majority of representation on the Council. CRPC gets its authority, as do the other Regional Commissions in the State, under Louisiana Revised Statutes 33: 131 et seq, as amended. All parish and municipal governments in the Capital Region may join CRPC. At present there are 11 parish members and 32 municipal members.

CRPC is the Baton Rouge area's designated Metropolitan Planning Organization (MPO), which each metropolitan area must have in order to carry out regional transportation planning efforts and receive federal highway funds. As the regional MPO, the Capital Region Planning Commission focuses much of its resources on transportation planning issues and activities, which includes highway planning, the regional ridesharing program, and air quality issues. In addition, CRPC is one of eight sub-state planning and development districts which cover all 64 parishes in the State of Louisiana. Toward that end, CRPC provides technical assistance for economic development, comprehensive planning, and zoning to its members.

**Reporting Entity**

For financial reporting purposes, the Commission 's basic financial statements include all funds that are controlled by the Commission. The Commission is a voluntary association of independent local governments throughout the Capital Region. As an independent Commission, the Commission is solely responsible for the operations of its office. Other than certain operating expenditures of the Commission that are paid or provided by the City of Baton Rouge, the Commission is financially independent. Accordingly, the Commission is a primary government for reporting purposes.

The criteria for including organizations as component units within the Commission's reporting entity, as set forth in Section 2100 of Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, include items such as whether the organization is legally separate, whether the Commission appoints a voting majority of the organization's board, whether the Commission is able to impose its will on the organization, et cetera. The Commission has no component units as defined by the standards.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation**

The accompanying basic financial statements of the Commission have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 63 in June 2011.

The Commission's basic financial statements include both government-wide and fund financial statements. The Commission currently has only one fund, the General Fund, which is reported as a governmental activity.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the governmental activities using the full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations.

All programs of the Commission are considered to be governmental activities since all activities are supported by intergovernmental revenues, rather than fees for services.

The statement of activities demonstrates the degree to which the direct expenses of the Commission's primary function are offset by program revenues. Program revenues included in the statement of activities are derived from outside the Commission membership. As a whole, program revenues reduce the cost of the function to be financed from the members of the Commission

**Fund Financial Statements**

Emphasis on fund financial reporting is on major funds. The Commission has only one fund, the General Fund. The Commission uses fund accounting to report on its financial position and the results of operations. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements as described as follows:

**Governmental Fund Types**

Governmental funds account for the Commission's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the Commission include the General Fund - the general operating fund of the Commission and accounts for all financial resources.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fund Financial Statements**

The following is the Commission's one governmental fund type:

General Fund - The General Fund is the general operating fund of the Commission. It accounts for all financial resources except for those required to be accounted for in other funds.

**Measurement Focus / Basis of Accounting**

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the reporting government as a whole. The government-wide financial statements are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider are met.

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

*Revenues* - Federal and state grants, as well as local match monies which are restricted as to the purpose of the expenditures, are recorded when the reimbursable expenditures have been made. Local member assessments are recorded in the year the assessment is due and payable. Such amounts are measurable and available to finance current operations. Investment income and in-kind revenues are recorded when earned. Substantially all other revenues are recorded when received.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Measurement Focus/Basis of Accounting (Continued)**

**Governmental Funds (Continued)**

*Expenditures* - All expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Compensated absences are recognized as expenditures when leave is actually taken or when employees are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded as long-term debt.

**Budget Practices and Budgetary Accounting**

The Commission's budget is proposed by the executive director on an organization-wide basis, and formally approved and adopted by the Board of Commissioners. The budget may be amended during the year at the Board's discretion. These appropriations lapse at year-end and any unexpended appropriations are re-budgeted in the subsequent year. Accordingly, encumbrances are not provided for in the financial statements. The Commission amended its budget during the year ended June 30, 2018. These amendments are reflected in the budget comparison schedule of this report.

**Cash and Cash Equivalents and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, and other investments as provided in the statute.

**Indirect Cost Allocations**

Allocable indirect costs are charged to the General Fund during the year. The Commission uses the prior year rate in estimating indirect costs to be charged to the grants during the year for billing purposes. At the end of each year, the actual indirect cost rate and charges to the grants are computed and appropriate adjustments are made. Allocable indirect costs exclude equipment purchases, but provide for depreciation of capital assets computed over estimated useful lives of three to ten years. The indirect costs are then allocated to the grants based on direct salary costs.

**Capital Assets**

Capital assets are recorded at historical cost or estimated cost if historical cost is not available and depreciated over their estimated useful lives. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission's deferred outflows of resources consist of deferred outflows related to OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Commission has two items that qualify for reporting in this category. One related to federal grant funds received before the timing requirements were met in the amount of \$616,323. The Commission also has a deferred inflow relating to OPEB.

**Accrued Compensated Absences**

The Commission's full-time employees who work year-round are granted vacation in varying amounts up to a maximum of 21 days per year. The cumulative amount of leave which can be carried forward is the amount earned over the last two years of employment.

**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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* - Consists of the historical cost of capital assets less accumulated depreciation, and less any debt that remains outstanding that was used to finance those assets.
2. *Restricted* - Consists of net position that is restricted by the Commission's creditors, by state enabling legislation, by grantors (both federal and state), and by other contributors.
3. *Unrestricted* - All other net position is reported in this category.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fund Balance Reporting**

In the governmental fund financial statements, fund balances are classified as follows:

1. *Nonspendable* - Amounts associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. *Restricted* - Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. *Committed* - Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners (the Commission's highest level of decision-making authority).
4. *Assigned Fund Balance* - Amounts that are intended to be used by the Commission for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. *Unassigned Fund Balance* - Balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

Restricted amounts are considered to be spent prior to unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Commission reduces committed amounts first, followed by assigned amounts, and then unassigned amounts.

**New Accounting Pronouncements**

The GASB issued Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in June 2015. The objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Under the new standard, governments will recognize a liability that is actuarially determined using prescribed methods and based on plan assumptions. This liability should be reported net of the assets that are accumulated into an irrevocable trust meeting certain criteria; however, the Commission does not currently have a trust to offset this liability. During the year ended June 30, 2018, the Commission implemented the Statement and recorded a cumulative effect of accounting principal in the amount of \$75,029.

The GASB issued statement No. 87 (GASB 87), *Leases*, in June 2017. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement will be effective for the Commission for the fiscal year ending December 31, 2020.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 2. Federal Grants**

The Commission participates in a number of federally-assisted grant programs. Although the grant programs have been audited in accordance with Uniform Guidance through June 30, 2018, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

**Note 3. Cash and Cash Equivalents and Investments**

At June 30, 2018, the carrying amount of the Commission's Cash and Cash Equivalents totaled \$1,189,862. Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be recovered. As of June 30, 2018, the Commission's deposits in the amount of \$708,110 were subject to custodial credit risk. Deposits in the amount of \$708,110 were not secured from risk by pledge of securities owned by banks which is a violation of state law.

**Investments**

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the Commission will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty, or by the counterparty's trust department or agent but not in the name of the Commission. At June 30, 2018, all of the Commission's investments were secured from risk completely through FDIC insurance coverage.

*Interest Rate Risk - Investments.* Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics. One of the ways that the Commission manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The Commission's investments consist of several certificates of deposits at a local financial institution. These certificates of deposit have maturities of less than twelve months and are valued at amortized cost which approximates fair value. As such, no additional disclosures are required with respect to fair value measurement.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 3. Cash and Cash Equivalents and Investments (Continued)**

*Credit Risk - Investments.* Under LRS 33:2955, as amended, the Commission may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, and other investments as provided in the statute. As of June 30, 2018, the Commission's investments were in certificates of deposits held at a local financial institution.

*Concentration of Credit Risk - Investments.* The concentration of credit risk is the risk of loss that may occur due to the amount of investment in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds or external investment pools).

The Commission does not have a formal investment policy as of June 30, 2018 and, therefore, there are no limitations on the amount that can be invested in any one issuer beyond that stipulated by the State of Louisiana. Each individual certificate of deposit was greater than 5% of the total investment balance.

**Note 4. Receivables**

Receivables as of June 30, 2018, for the governmental fund consisted of the following:

	<b>Accounts Receivable</b>	<b>Allowance</b>	<b>Net Accounts Receivable</b>
Federal Grants	\$ 468,360	\$ (31,960)	\$ 436,400
Other Receivables	4,901	-	4,901
Membership Dues	33,476	(19,700)	13,776
<b>Total</b>	<b>\$ 506,737</b>	<b>\$ (51,660)</b>	<b>\$ 455,077</b>

An allowance for doubtful accounts of \$51,660 has been established as the collectability of some of these receivables is uncertain.

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2018, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Furniture, Fixtures, Office Equipment	\$ 405,896	\$ 10,661	\$ -	\$ 416,557
Vehicles	24,489	-	-	24,489
Less: Accumulated Depreciation	(378,488)	(29,820)	-	(408,308)
<b>Total Capital Assets, Net</b>	<b>\$ 51,897</b>	<b>\$ (19,159)</b>	<b>\$ -</b>	<b>\$ 32,738</b>

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 5. Capital Assets (Continued)**

Depreciation expense amounted to \$29,820 for the year ended June 30, 2018 and is reported in the general government function of the statement of activities.

**Note 6. Deferred Compensation Plan**

The Commission requires its full-time employees to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the Plan are held in a trust for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. The plan permits the eligible employees to defer all or a portion of their salary up to federal income tax limits established each year by the Internal Revenue Service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Commission funds the plan by making contributions to a plan administrator, on a monthly basis, at rates ranging from 7.5% to 12.5% of the employees' compensation. The contribution rate for employees is based on their employment longevity. The plan administrator offers a variety of investment alternatives directly to the participant. Commission employees may select from various mutual funds which are available in the plan. For the years ended June 30, 2018 and 2017, the Commission contributed \$117,427 and \$114,522, respectively, to the plan.

**Note 7. Postemployment Health Care and Life Insurance Benefits**

**General Information about the OPEB Plan**

Plan Description

The Capital Region Planning Commission (the Commission) provides certain continuing health care and life insurance benefits for its retired employees. The Capital Region Planning Commission's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Commission. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the Commission. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52, *Postemployment Benefits Other Than Pensions - Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit*.

Benefits Provided

Medical/dental/vision benefits are provided to employees upon actual retirement. The employer pays 75% of the medical coverage for the retiree and dependents. Employees are subject to retirement eligibility provisions as follows: age 55 and 10 years of service or, if earlier, twenty (20) years of service at any age.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 7. Postemployment Health Care and Life Insurance Benefits (Continued)**

**General Information about the OPEB Plan (Continued)**

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	2
Active Plan Members	14
	<hr/>
	16
	<hr/> <hr/>

**Total OPEB Liability**

The Commission's total OPEB liability of \$342,362 was measured as of July 1, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases, Average Including Inflation	3%, including inflation
Investment Rate of Return	3.58% annually (Beginning of Year to Determine ADC)
	3.87% annually (As of End of Year Measurement Date)
Healthcare Cost Trend Rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 7. Postemployment Health Care and Life Insurance Benefits (Continued)**

**Total OPEB Liability (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

**Changes in the Total OPEB Liability**

Balances at 7/1/2017	\$ 318,119
Changes for the Year	
Service Cost	25,249
Interest Cost	12,293
Differences between expected and actual experience	11,853
Changes in Assumptions	(17,953)
Benefit Payments	(7,199)
Net Changes for the Year	<u>24,243</u>
Balance as of 6/30/2018	<u>\$ 342,362</u>

Note – Prior Year OPEB Balance was \$393,148. A change in accounting principal was recorded in the amount of \$75,029 for implementation of GASB 75.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	<b>1.0% Decrease</b>	<b>Discount Rate 3.87%</b>	<b>1.0% Increase</b>
Net OPEB Liability	<u>\$ 422,278</u>	<u>\$ 342,362</u>	<u>\$ 281,004</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	<b>1.0% Decrease</b>	<b>Healthcare Cost Trend Rates 9% Decreasing to 5.50%</b>	<b>1.0% Increase</b>
Net OPEB Liability	<u>\$ 277,561</u>	<u>\$ 342,362</u>	<u>\$ 428,471</u>

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Financial Statements**

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**Note 7. Postemployment Health Care and Life Insurance Benefits (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the Commission recognized OPEB expense of \$37,251. At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 11,289	\$ -
Change in Assumptions	-	(17,098)
	<u>\$ 11,289</u>	<u>\$ (17,098)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2019	\$ (290)
2020	(290)
2021	(290)
2022	(290)
2023	(290)
Thereafter	<u>(4,359)</u>
Total	<u>\$ (5,809)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual - General Fund  
 For the Year Ended June 30, 2018**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Funding	\$ 2,523,985	\$ 2,178,244	\$ 2,248,664	\$ 70,420
Local Funding	238,294	190,297	191,426	1,129
State Grant Funding	-	25,000	9,152	(15,848)
In-Kind Revenue	45,313	181,251	99,140	(82,111)
Investment Income	135	100	108	8
Other Income	500	5,000	35,075	30,075
<b>Total Revenues</b>	<b>2,808,227</b>	<b>2,579,892</b>	<b>2,583,565</b>	<b>3,673</b>
<b>Expenditures</b>				
Advertising and Promotions	5,700	2,500	1,972	528
Auto Insurance	4,000	5,000	3,562	1,438
Bad Debt	-	-	8,670	(8,670)
Consultant Fees	7,000	43,600	60,134	(16,534)
Contractual	621,100	572,672	545,010	27,662
Deferred Compensation	119,141	118,000	117,427	573
Dues and Subscriptions	5,100	6,000	5,556	444
Equipment and Facilities Maintenance	5,500	32,000	4,276	27,724
Equipment Rental	5,200	5,000	4,473	527
General Insurance	40,000	12,000	11,058	942
Group Insurance	152,250	178,000	171,717	6,283
Legal and Accounting	144,000	168,000	171,197	(3,197)
Miscellaneous	69,500	14,100	12,233	1,867
Office Supplies	22,700	15,000	13,834	1,166
Payroll Taxes	34,245	22,000	21,080	920
Postage	500	200	166	34
Professional Education	18,500	14,100	9,946	4,154
Publishing	35,000	1,000	635	365
Rent (In-Kind)	45,313	181,251	99,140	82,111
Salaries	1,174,336	1,106,000	1,107,318	(1,318)
Telephone	35,000	7,100	6,645	455
Travel	27,000	22,000	23,307	(1,307)
Vehicle Expenses	34,145	3,100	2,966	134
Capital Outlay	66,312	17,000	52,564	(35,564)
<b>Total Expenditures</b>	<b>2,671,542</b>	<b>2,545,623</b>	<b>2,454,886</b>	<b>90,737</b>
<b>Net Change in Fund Balance</b>	<b>\$ 136,685</b>	<b>\$ 34,269</b>	<b>128,679</b>	<b>\$ 94,410</b>
<b>Fund Balance, Beginning of Year</b>			<b>851,321</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 980,000</b>	

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Schedule of Changes in Net OPEB Liability and Related Ratios  
 For the Year Ended June 30, 2018**

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<b>Total OPEB Liability</b>	
Service Cost	\$ 25,249
Interest Cost	12,293
Differences between Expected and Actual Experience	11,853
Changes in Assumptions	(17,953)
Benefit Payments	<u>(7,199)</u>
<b>Net Change in OPEB Liability</b>	24,243
<b>Total OPEB Liability - Beginning</b>	<u>318,119</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 342,362</u></u>

Covered Employee Payroll	\$1,019,402
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Net OPEB Liability as a Percentage of Covered Employee Payroll	33.58%
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Noted to Schedule:

*Benefit Changes.* There were no changes of benefit terms for the year ended June 30, 2018

*Changes in Assumptions.* The discount rate as of 6/30/2017 was 3.58% and it changed to 3.87%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**OTHER SUPPLEMENTARY INFORMATION**

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Schedule of Indirect Cost Allocation  
 For the Year Ended June 30, 2018**

	Administrative Expenses	Adjustments to Arrive at Allocable Cost	Allocable Administrative Cost
<b>Expenses</b>			
Advertising and Promotions	\$ 877	\$ -	\$ 877
Auto Insurance	3,562	-	3,562
Bad Debt	8,670	-	8,670
Capital Outlay	22,544	(22,544)	-
Consultant Fees	3,450	-	3,450
Contractual	9,215	-	9,215
Deferred Compensation	39,944	-	39,944
Depreciation	-	29,820	29,820
Dues and Subscriptions	3,356	-	3,356
Equipment and Facilities Maintenance	4,276	-	4,276
Equipment Rental	4,473	-	4,473
General Insurance	11,058	-	11,058
Group Insurance	171,717	-	171,717
Legal and Accounting	171,197	-	171,197
Miscellaneous	10,260	(10,260)	-
Office Supplies	13,834	-	13,834
Payroll Taxes	21,080	-	21,080
Postage	166	-	166
Professional Education	3,381	-	3,381
Publishing	635	-	635
Rent (In-Kind)	99,140	-	99,140
Salaries	371,240	-	371,240
Telephone	6,645	-	6,645
Travel	5,334	-	5,334
Vehicle Expenses	2,966	-	2,966
<b>Total Expenses</b>	<u>\$ 989,020</u>	<u>\$ (2,984)</u>	<u>\$ 986,036</u>

**Reconciliation of Allocable General and Administrative  
 Costs to General Fund Expenditures**

Allocable General and Administrative Costs	\$ 986,036
Add	-
Capital Outlay	22,544
Miscellaneous	10,260
Deduct	
Depreciation	<u>(29,820)</u>
Management and General Expenses	<u>\$ 989,020</u>

See independent auditor's report.

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Schedule of Indirect Cost Allocation  
 For the Year Ended June 30, 2018**

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<b>Direct Salary Costs</b>			
Regional Strategic Highway Safety Plan	\$	54,986	
CATS		56,686	
DOTD - FTA		78,532	
MTP		52,980	
EDA		64,626	
DOTD - Planning		414,156	
DOTD - TDM		<u>14,112</u>	
<b>Total Direct Salary Costs for Programs</b>	<b>\$</b>	<b><u>736,078</u></b>	
<b>Indirect Cost Allocation Computation</b>			
Overhead Rate		1.340	
Indirect Cost Rate		1.340	
<b>Overhead Rate Computation</b>			
Adjusted Overhead Costs	\$	<u>986,036</u>	
Total Direct Salary Cost	\$	<u>736,078</u>	= 1.340

See independent auditor's report.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA  
Schedule of Functional Expenses  
For the Year Ended June 30, 2018**

			<u>Administrative</u>		
	Transit Planning	Economic Development	Total Program Expenses	Management and General	Total
<b>Expenses</b>					
Advertising and Promotions	\$ 1,095	\$ -	\$ 1,095	\$ 877	\$ 1,972
Auto Insurance	-	-	-	3,562	3,562
Bad Debt	-	-	-	8,670	8,670
Consultant Fees	56,684	-	56,684	3,450	60,134
Contractual	535,795	-	535,795	9,215	545,010
Deferred Compensation	71,265	6,218	77,483	39,944	117,427
Dues and Subscriptions	-	2,200	2,200	3,356	5,556
Equipment and Facilities Maintenance	-	-	-	4,276	4,276
Equipment Rental	-	-	-	4,473	4,473
General Insurance	-	-	-	11,058	11,058
Group Insurance	-	-	-	171,717	171,717
Legal and Accounting	-	-	-	171,197	171,197
Miscellaneous	1,348	625	1,973	10,260	12,233
Office Supplies	-	-	-	13,834	13,834
Payroll Taxes	-	-	-	21,080	21,080
Postage	-	-	-	166	166
Professional Education	5,610	955	6,565	3,381	9,946
Publishing	-	-	-	635	635
Rent (In-Kind)	-	-	-	99,140	99,140
Salaries	671,452	64,626	736,078	371,240	1,107,318
Telephone	-	-	-	6,645	6,645
Travel	14,854	3,119	17,973	5,334	23,307
Vehicle Expenses	-	-	-	2,966	2,966
Capital Outlay	30,020	-	30,020	22,544	52,564
<b>Total Expenses</b>	<b>1,388,123</b>	<b>77,743</b>	<b>1,465,866</b>	<b>989,020</b>	<b>2,454,886</b>
Indirect Cost Allocations	936,567	52,453	989,020	(989,020)	-
<b>Total Expenses Plus Indirect Cost Allocations</b>	<b>\$ 2,324,690</b>	<b>\$ 130,196</b>	<b>\$ 2,454,886</b>	<b>\$ -</b>	<b>\$ 2,454,886</b>

See independent auditor's report.

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Schedule of Compensation, Benefits, and Other Payments  
 to Agency Head  
 For the Year Ended June 30, 2018**

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**Agency Head**  
 Jamie Setze, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$154,451
Benefits - Insurance	\$16,333
Benefits - Retirement	\$19,306
Benefits - Auto Insurance on CRPC Vehicle	\$3,562
Vehicle Provided by Government	\$3,726
Per Diem	\$0
Reimbursements	\$0
Travel	\$2,966
Registration Fees	\$2,250
Conference Travel	\$903
Continuing Professional Education Fees	\$715
Housing	\$0
Special Meals	\$0
Dues	\$0

See independent auditor's report.

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>United States Department of Commerce</b>			
Direct Program			
Economic Development Administration Area			
Planning Assistance Program	11.302	2017-2018	<u>\$ 126,549</u>
<b>Total United States Department of Commerce</b>			<u>126,549</u>
<b>Delta Regional Authority</b>			
Direct Program			
Delta Local Development District Assistance	90.202	2017-2018	<u>27,250</u>
<b>Total Delta Regional Authority</b>			<u>27,250</u>
<b>United States Department of Transportation</b>			
(Passed through the Louisiana Department of Transportation and Development)			
Highway Planning and Construction Cluster			
Regional Strategic Highway Safety Plan	20.205	H.972128	168,737
Travel Demand Management	20.205	H.012730	471,015
Metropolitan Transportation Planning Program	20.205	LA-80-0026	1,006,117
Baton Rouge MPO Transportation Plan Update	20.205	H.972200	<u>164,102</u>
Total Highway Planning and Construction Cluster			<u>1,809,971</u>
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	LA-95-X308	120,460
MPO Planning	20.505	PL 80-17-18	<u>164,414</u>
<b>Total United States Department of Transportation</b>			<u>2,094,845</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 2,248,644</u></u>

See independent auditor's report.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA**

**Notes to Schedule of Expenditures of Federal Awards**

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**Note 1. General**

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the Capital Region Planning Commission (the Commission), Baton Rouge, Louisiana. The Commission's reporting entity is defined in Note 1 of the Commission's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule.

**Note 2. Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Capital Region Planning Commission and is presented on the modified accrual basis of accounting.

**Note 3. Matching Revenues**

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

**Note 4. De Minimus Cost Rate**

During the year ended June 30, 2018, the Commission did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

**Note 5. Amounts Passed through Sub-Recipients**

During the year ended June 30, 2018, the Commission did not pass through any federal funding to sub-recipients.

See independent auditor's report.

**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**

Independent Auditor's Report

To the Commissioners of the  
Capital Region Planning Commission  
Baton Rouge, Louisiana

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 the governmental activities and the major fund of the Capital Region Planning Commission (the Commission), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 17, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 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 over financial reporting 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 Region Planning Commission'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described as item 2018-001 in the accompanying schedule of findings and questioned costs.

### **Capital Region Planning Commission's Responses to Findings**

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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



A Professional Accounting Corporation

Baton Rouge, LA  
December 17, 2018

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Commissioners of the  
Capital Region Planning Commission  
Baton Rouge, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the Capital Region Planning Commission's (the Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2018. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Commission'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 the Commission'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 the Commission's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Commission 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, 2018.

### **Report on Internal Control Over Compliance**

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission'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 the Commission's internal control over compliance.

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

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

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



A Professional Accounting Corporation

Baton Rouge, LA  
December 17, 2018

**CAPITAL REGION PLANNING COMMISSION  
 BATON ROUGE, LOUISIANA  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2018**

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**Part I - Summary of Auditor's Results**

Financial Statements

1.	Type of auditor's report issued:	Unmodified
2.	Internal control over financial reporting and compliance and other matters:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified that are not considered to be material weaknesses?	No
	c. Noncompliance material to the financial statements?	Yes
3.	Management letter comment provided?	None

Federal Awards

4.	Internal control over major programs	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified that are not considered to be material weaknesses?	No
5.	Type of auditor's report issued on compliance for major programs	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	None
7.	Identification of major program:	
	20.205 - Highway Planning and Construction Cluster	
8.	Dollar threshold used to distinguish between Type A and B programs	\$750,000
9.	Auditee qualified as a low-risk auditee under Uniform Guidance	No

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2018**

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**Part II. Findings - Financial Statement Audit**

**2018-001 Inadequate Collateralization of Deposits**

*Criteria:* Louisiana Revised Statutes 39:1223 requires banks to pledge securities as collateral for a government's deposits in excess of amounts covered by FDIC insurance.

*Condition:* At June 30, 2018, both of the Commission's banks failed to provide adequate collateralization of Commission deposits in excess of FDIC coverage.

*Cause:* Unknown

*Effect:* Noncompliance with requirements of Louisiana Revised Statutes 39:1223

*Recommendation:* We recommend that management notify its banks of the requirement to pledge securities as collateral for deposits in excess of FDIC coverage.

*Management's Response:* Management has notified its banks of the requirement to pledge securities as collateral for deposits in excess of FDIC coverage and securities are now properly collateralized.

**Part III Findings and Questioned Costs - Major Federal Award Program Audit**

None.

**CAPITAL REGION PLANNING COMMISSION  
BATON ROUGE, LOUISIANA  
Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2018**

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**2017-001 Internal Control over Bank Reconciliations**

This finding has been resolved.

**2017-002 Submission of Reporting Package and Data Collection Form to the Federal Audit Clearinghouse**

This finding has been resolved.

**AGREED-UPON PROCEDURES REPORT**  
Capital Region Planning Commission

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period July 1, 2017 - June 30, 2018**

To the Commissioners of the  
Capital Region Planning Commission and the and the  
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Capital Region Planning Commission (the Commission) 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, 2017 through June 30, 2018. The Commission's management is responsible for those C/C areas identified in the SAUPs.

The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c. **Disbursements**, including processing, reviewing, and approving.
  - d. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: We obtained the written policies and procedures of the Commission and applicable areas were met without exception.

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

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: We noted that the Commission meets quarterly as described in its by-laws. We noted that a financial report is presented at each meeting and that the general fund has a positive fund balance at June 30, 2018.

## ***Bank Reconciliations***

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

Results: We noted that bank reconciliations include evidence of review and that they were prepared within 2 months of statement closing date. We noted no outstanding items more than 12 months from the statement closing date.

## ***Collections***

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3. 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 five deposit sites (or all deposit sites if less than five).

Results: We obtained from the Commission a listing of cash deposit sites and management's representation that the list is complete.

4. 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. five collection locations for five 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.

Results: We noted no exceptions in the performance of the procedure.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: We noted that employees that are responsible for collecting cash are bonded.

6. Randomly select two deposit dates for each of the five bank accounts selected for procedure #2 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.

Results: We performed this procedure without exception.

### ***Non-Payroll Disbursements***

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7. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: We obtained from the Commission a listing of payment processing locations and management's representation that the list is complete.

8. For each location selected under #7 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.

Results: The Commission only has one payment processing location, which was selected for testing. We noted no exceptions in the performance of this procedure.

9. 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.

Results: Five disbursements were tested. No exceptions were noted during testing.

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

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

Results: We obtained the listing from management and obtained management's representation that listing was complete.

9. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: We noted that for each statement, there was evidence that it was reviewed and approved. We noted one finance charge in the amount of \$4.29.

10. 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).

Results: We noted that each charge was supported by an itemized receipt and we noted that 1 charge out of 23 tested did not have documentation of business/public purpose.

Management's Response: Management will obtain documentation of business/public purpose on all future credit card charges.

### **Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

11. 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](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We performed this procedure noting no exceptions.

### **Contracts**

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

Results: Five vendors were selected along with the highest payments to each vendor. We noted that a written contract was available for each contract. We noted that one of the contracts was amended and approved by the Board. We examined support for the largest payment noting no exceptions.

## ***Payroll and Personnel***

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13. 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.

Results: We obtained the listing of employees and obtained management's representation that the listing was complete.

14. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #13 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.

Results: We performed this procedures without exception.

15. 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.

Results: We obtained the listing of employees terminated and obtained management's representation that it was complete. Only one employee was terminated during the year. We performed the test noting no exceptions.

16. 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.

Result: We obtained management's representation that payroll taxes, retirement contributions, health and worker's compensation premiums have been paid and associate forms have been filed by required deadlines.

## ***Ethics***

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17. Using the 5 randomly selected employees/officials from procedure #13 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.

Results: We noted that ethics documentation was present for each of the employees tested. We noted that the Commission does not require employees to signature verify that they have read the ethics policy.

Management's Response: Management will institute procedures requiring employees to signature verify that they have read the policy.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. 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 report is intended solely for the use of management of the Commission and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedure and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA  
December 12, 2018