

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**FINANCIAL REPORT**

June 30, 2019

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Urban Restoration Enhancement Corporation  
Baton Rouge, Louisiana

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Urban Restoration Enhancement Corporation, a non-profit Louisiana corporation, which comprise the statement of financial position as of June 30, 2019, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

**Member**

*American Institute of Certified Public Accountants*  
*Society of Louisiana Certified Public Accountants*

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

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Restoration Enhancement Corporation as of June 30, 2019, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 18, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the schedule of compensation, benefits and other payments to the executive director on page 22 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 19, 2019, on my consideration of Urban Restoration Enhancement Corporation's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Urban Restoration Enhancement Corporation's internal control over financial reporting and compliance.



John L. McKowen, CPA  
Baton Rouge, Louisiana  
December 19, 2019

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**STATEMENT OF NET POSITION**  
June 30, 2019

**ASSETS**

**CURRENT**

Cash	\$ 67,316
Accounts receivable, net of allowance of \$1,565	11,183
Grants receivable	171,758
Prepaid expenses	6,752
Deposits	<u>780</u>
 Total current assets	 257,789

<b>PROPERTY AND EQUIPMENT, net</b>	<u>3,697,490</u>
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Total assets	<u>\$ 3,955,279</u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 57,044
Security deposits	21,933
Accrued payroll liabilities	7,229
Other liabilities	5,579
Line of credit and other short term borrowings	343,601
Long term debt, current portion	<u>96,331</u>
 Total current liabilities	 <u>531,717</u>

<b>LONG TERM DEBT, less current maturities</b>	<u>1,973,858</u>
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Total liabilities	<u>2,505,575</u>
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**NET ASSETS**

Without donor restrictions	1,449,704
With donor restrictions	<u>-0-</u>

Total net assets	<u>1,449,704</u>
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Total liabilities and net assets	<u>\$ 3,955,279</u>
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**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2019

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Grants			
Governmental	282,914	-	282,914
Private	116,775	-	116,775
Rental revenue and related fees	696,297	-	696,297
Private contributions	1,625	-	1,625
Other revenue	525	-	525
	<u>1,098,136</u>	<u>-</u>	<u>1,098,136</u>
Net assets released from restrictions	<u>123,627</u>	<u>(123,627)</u>	<u>-</u>
 Total public support and revenue	 <u>1,221,763</u>	 <u>(123,627)</u>	 <u>1,098,136</u>
<b>EXPENSES</b>			
Program Services			
Housing development	126,406	-	126,406
Housing	664,841	-	664,841
Youth services	316,337	-	316,337
	<u>1,107,584</u>	<u>-</u>	<u>1,107,584</u>
Supporting services			
General and administrative	36,800	-	36,800
Fundraising	-	-	-
	<u>36,800</u>	<u>-</u>	<u>36,800</u>
Total expenses	<u>1,144,384</u>	<u>-</u>	<u>1,144,384</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Insurance proceeds	88,932	-	88,932
<b>CHANGE IN NET ASSETS</b>	<u>166,311</u>	<u>(123,627)</u>	<u>42,684</u>
<b>NET ASSETS</b>			
Beginning of year	<u>1,283,393</u>	<u>123,627</u>	<u>1,407,020</u>
End of year	<u>1,449,704</u>	<u>-</u>	<u>1,449,704</u>

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2019

	Program Services			Supporting Services		Total
	Housing Development	Housing	Youth	Management and General	Fundraising	
<b>EXPENSES</b>						
Salaries	\$ 65,924	\$ -	\$ 100,835	\$ -	\$ -	\$ 166,759
Employee Benefits	6,131	673	28,505	-	-	35,309
Payroll taxes	6,600	-	10,095	3,119	-	19,814
Cost of home sales	-	-	-	-	-	-
Professional fees	23,329	213,657	118,057	-	-	355,043
Occupancy expense	5,853	93,984	20,877	412	-	121,126
Depreciation	-	140,462	-	-	-	140,462
Interest	5,712	18,479	-	6,319	-	30,510
Repairs and maintenance	3,568	126,010	-	689	-	130,267
Supplies	58	11,974	9,037	5,959	-	27,028
Insurance	3,048	40,588	944	1,102	-	45,682
Grants and assistance	-	-	13,500	-	-	13,500
Program services	-	-	8,394	-	-	8,394
Telecommunications	1,023	3,455	2,180	1,236	-	7,894
Travel	-	-	2,811	8,339	-	11,150
Conferences	365	2,060	915	2,734	-	6,074
Bank charges	782	2,199	-	249	-	3,230
Printing and publications	-	-	-	199	-	199
Dues and subscriptions	321	2,919	-	3,896	-	7,136
Advertising	598	6,553	187	863	-	8,201
Postage and shipping	-	-	-	118	-	118
Other	3,094	1,828	-	1,566	-	6,488
<b>Total expenses</b>	<b>\$ 126,406</b>	<b>\$ 664,841</b>	<b>\$ 316,337</b>	<b>\$ 36,800</b>	<b>\$ -</b>	<b>\$ 1,144,384</b>

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2019

	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 42,684
Adjustments for non-cash items:	
Depreciation	140,462
Change in operating assets and liabilities	
Grants and accounts receivables	46,511
Prepaid expenses and deposits	273
Inventory	101,751
Accounts payable and payroll liabilities	38,597
Security deposits and other liabilities	2,413
Net cash provided by operating activities	372,691
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(1,329,895)
Net cash used by investing activities	(1,329,895)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on long-term debt	(103,976)
Issuance of additional long-term debt	996,954
Payments on line of credit and short-term borrowings	(181,592)
Draws on line of credit and short-term borrowings	180,000
Net cash provided by financing activities	891,386
Net decrease in cash	(65,818)
<b>CASH</b>	
Beginning of year	133,134
End of year	67,316

Interest paid during the year ended June 30, 2019 was \$33,831. No income taxes were paid during the year.

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities**

Urban Restoration Enhancement Corporation (UREC) is a Louisiana nonprofit community development organization, incorporated in 1992, and committed to “building today’s communities for tomorrow.” UREC provides affordable housing, small business training, and youth development opportunities to improve neighborhoods across Baton Rouge and the surrounding region.

**Basis of presentation**

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

UREC reports its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. As of June 30, 2019, UREC had \$1,449,704 in net assets without donor restrictions and no net assets with donor restrictions.

**New accounting pronouncement**

During the year ended June 30, 2019, UREC adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-14 – Not-for Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 addresses the complexity and understandability of net asset classifications, the deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between nonprofit entities. A key change required by ASU 2016-14 is the presentation of the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (See Note 10).

**Estimates**

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

estimates. Estimates are used primarily when accounting for grants receivable, depreciation, and valuation of inventory.

### **Revenue recognition**

Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes an unconditional promise to give. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

### **Cash and cash equivalents**

For the purpose of the statement of cash flows, UREC considers cash in operating bank accounts as cash.

### **Receivables and allowance for doubtful accounts**

UREC uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. An allowance of \$1,565 was recorded at June 30, 2019.

### **Property and equipment**

UREC's policy is to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long donated assets must be maintained, UREC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. There were no donations of property or equipment for the year ended June 30, 2019. Depreciation is recorded using the straight-line method over the estimated useful lives of the property.

### **Income tax status**

UREC qualifies as a tax exempt organization under Section 501(c)(3) of the Internal

Revenue Code; therefore, the financial statements have no provision for federal and state income tax.

UREC follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management has determined that there is no impact to the financial statements as a result of ASC 740-10. UREC's open audit periods are 2015 through 2018.

#### **NOTE 2 – CASH**

UREC maintains three bank accounts at separate financial institutions. The cash in these institutions is maintained in demand deposit accounts. UREC's unreconciled cash balance per bank as of June 30, 2019 was \$86,132. UREC's deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) as they are below the maximum insured amounts of \$250,000.

#### **NOTE 3 – GRANTS RECEIVABLE**

At June 30, 2019, grants receivable were as follows:

	<u>Amount</u>
City of Baton Rouge Parish of EBR	\$ 67,368
Louisiana Department of Education	61,705
Louisiana Housing Corporation	29,337
Other	13,348
	<u>\$ 171,758</u>

At June 30, 2019, \$46,809 of the grants receivable were outstanding greater than 90 days.

#### **NOTE 4– ACCOUNTS RECEIVABLE**

At June 30, 2019, accounts receivable were as follows:

	<u>Amount</u>
Rents receivable	\$ 12,748
Less: Allowance for doubtful accounts	(1,565)
	<u>\$ 11,183</u>

At June 30, 2019, no rents receivable were outstanding greater than 90 days.

#### **NOTE 6– PROPERTY AND EQUIPMENT**

Property and equipment, related service lives and accumulated depreciation at June 30, 2019 are as follows:

<u>Description</u>	<u>Estimated Service Life</u>	<u>Amount</u>
Land	-	\$ 304,776
Rental buildings and improvements	10-40 years	5,145,140
Equipment	5-10 years	147,037
Furniture and fixtures	7 years	50,158
Total property and equipment		5,647,111
Less accumulated depreciation		(1,949,621)
Property and equipment, net		<u>\$ 3,697,490</u>

Depreciation expense of \$140,462 was recorded for the year ended June 30, 2019.

#### **NOTE 7 – COMPENSATED ABSENCES**

As of June 30, 2019, UREC’s accumulated paid time off (PTO) was \$5,923, which it reports as part of accrued payroll liabilities.

#### **NOTE 8 – LINE OF CREDIT AND OTHER SHORT-TERM BORROWINGS**

Short-term term debt and lines of credit at June 30, 2019 was as follows:

	<u>Amount</u>
\$150,000 revolving line of credit with Chase Bank, secured by rental buildings, with interest at 5.75% of the outstanding balance	\$ 138,601
\$90,000 revolving line of credit with New Corporation, secured by rental buildings, with interest at 8.00% of the outstanding balance	\$ 90,000
\$40,000 revolving line of credit with Hancock Whitney Bank, secured by rental buildings, with interest at 6.50% of the outstanding balance	\$ 40,000

In addition, the Organization had \$75,000 in non-interest bearing construction loans outstanding at June 30, 2019.

#### **NOTE 9 – LONG TERM DEBT**

Long term debt at June 30, 2019 was as follows:

	<u>Amount</u>
Non-interest bearing \$528,751 deed of trust to AmeriNational Community Services, secured by rental buildings, due in monthly installments of \$2,938 through December 2024	\$ 194,751

Non-interest bearing \$450,000 deed of trust to AmeriNational Community Services, secured by rental buildings, due in monthly installments of \$375, increasing every five years, through December 2025	385,125
\$548,254 promissory note to Red River Bank, secured by rental buildings, due in monthly installments of \$4,071 through July 2020, interest at 4.00%	403,816
\$405,000 promissory note to Louisiana Housing Corporation, secured by a HOME mortgage, due in annual installments of 50% of project cash flow through February 2038, interest at 2.66%	405,000
\$221,825 promissory note to Chase Bank, secured by rental buildings, due in monthly installments of \$1,945 through January 2020, interest at 5.45%	13,362
\$40,000 promissory note with Iberia Bank, secured by land, due in monthly installments of \$571 through October 2020, interest at 6.25%	8,738
\$216,000 promissory note to East Baton Rouge Parish Office of Community Development, secured by mortgages, forgivable in annual installments through April 2038, interest at 0.00%	216,000
\$403,652 promissory note with Capital Area Finance Authority, secured by four duplexes, due in monthly installments of \$2,500 through April 2038, interest at 3.15%	400,430
\$42,967 promissory note with Capital Area Finance Authority, secured by land, due in monthly installments of \$143 through through June 2020, interest at 4.00%	42,967
Total long term debt	\$2,070,189
Less: current portion	<u>(96,331)</u>
Long term debt, net of current portion	<u><u>\$1,973,858</u></u>

Future maturities of long term debt at June 30, 2019 are as follows:

	<u>Amount</u>
2020	96,331
2021	83,960
2022	84,971
2023	86,401
2024	87,412
Thereafter	<u>1,534,783</u>
Total	<u>\$1,973,858</u>

#### **NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization’s financial assets that are available for use within one year of the statement of net position date for general expenses consist of cash of \$67,316, rents receivable of \$11,183 and grants receivable of \$171,758.

As part of the Organization’s liquidity management, the UREC structures its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, it has been successful in obtaining letters of credit when deemed necessary.

#### **NOTE 11 – ALLOCATION OF FUNCTIONAL EXPENSES**

The Statement of Functional Expenses reports certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on the estimated time and effort of UREC’s employees.

#### **NOTE 12 – ECONOMIC DEPENDENCY**

UREC has historically received the majority of its funding through government contracts and grants. During the year ended June 30, 2019, UREC received 26% of its revenue from such contracts and grants.

#### **NOTE 13 – COMMITMENTS AND CONTINGENCIES**

##### **Grants**

UREC continues to receive significant revenues from governmental grants and contracts, all of which are subject to audit by the funding agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs claimed for reimbursement. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

**Leases**

UREC leases office space with a monthly rent of \$2,169. Total lease payments for the year ended June 30, 2019 were \$26,028.

Minimum lease payments on its current lease are as follows:

2020	26,037
2021	28,404
2022	29,588
2023	<u>30,771</u>
Total	114,800

**Litigation**

There was no pending or threatened litigation at June 30, 2019.

**NOTE 14 – SUBSEQUENT EVENTS**

Management of UREC has evaluated subsequent events through December 19, 2019, the date that the financial statements were to be issued and has determined that there are no significant subsequent events that require recognition or disclosure through that date.

**John L. McKowen**  
Certified Public Accountant

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Urban Restoration Enhancement Corporation  
Baton Rouge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Urban Restoration Enhancement Corporation, which comprise the statement of financial position as of June 30, 2019 and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 19, 2019.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 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.

**Member**

*American Institute of Certified Public Accountants  
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My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.

A handwritten signature in blue ink that reads "John L. McKowen, CPA". The signature is written in a cursive style.

John L. McKowen, CPA  
Baton Rouge, Louisiana  
December 19, 2019

**John L. McKowen**  
Certified Public Accountant

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

To the Board of Directors  
Urban Restoration Enhancement Corporation  
Baton Rouge, Louisiana

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

I have audited Urban Restoration Enhancement Corporation's (UREC), (a Louisiana non-profit corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of UREC's major federal programs for the year ended June 30, 2019. UREC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

**Member**

*American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants*

### ***Opinion on its Major Federal Program***

In my opinion, UREC, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of UREC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered UREC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the UREC's internal control over compliance.

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

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

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



John L. McKowen, CPA  
Baton Rouge, Louisiana  
December 19, 2019

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
 Baton Rouge, Louisiana  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 Year ended June 30, 2019

Federal Grantor/Pass-Through-Grantor Program Title	Grant Number	CFDA Number	Federal Expenditures
<b><u>U.S. Department of Education</u></b>			
Passed through			
Louisiana Department of Education:			
21 <sup>st</sup> Century Community Learning Centers	N/A	84.287	\$ 210,223
<b>Total U.S. Department of Education</b>			<b><u>\$ 210,223</u></b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through			
Louisiana Housing Corporation			
HOME Investment Partnerships Program (loan)	N/A	14.239	405,000
City of Baton Rouge – Parish of East Baton Rouge Office of Community Development			
HOME Investment Partnerships Program (loan)	N/A	14.239	216,000
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>\$ 621,000</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 831,223</u></b>

**URBAN RESTORATION ENHANCEMENT CORPORATION**

Baton Rouge, Louisiana

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended June 30, 2019

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Urban Restoration Enhancement Corporation and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from the amounts presented in the preparation of the basic financial statements.

**NOTE B – RECONCILIATION OF EXPENSES TO FEDERAL EXPENDITURES**

Total expenses	\$1,290,981
Capital expenditures	621,000
Non-cash adjustment -- depreciation	(140,462)
Non-federal expenditures	<u>(940,296)</u>
Total Federal Expenditures	<u>831,223</u>

**NOTE C – AMOUNTS PASSED THROUGH TO SUBRECIPIENTS**

During the year ended June 30, 2019, the Organization did not pass through any federal funding to subrecipients.

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
 Baton Rouge, Louisiana  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2019

**SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued: Unmodified Opinion, Going Concern

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No
- Noncompliance material to financial statements noted? No

*Federal Awards*

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? No

The programs tested as major programs include:

21 <sup>st</sup> Century Community Learning Centers	CFDA #84.287
HOME Investment Partnerships Program	CFDA #14.239

- The threshold for distinguishing Types A and B programs was program expenditures equal to or exceeding \$750,000.
- Urban Restoration Enhancement Corporation did not qualify as a low-risk auditee.

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
Year ended June 30, 2019

**FINDINGS AND QUESTIONED COSTS – Financial Statement Audit**

None noted.

**FINDINGS AND QUESTIONED COSTS – Major Federal Award Programs**

None noted.

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the Year Ended June 30, 2019

**AGENCY HEAD NAME: Carl Dillon, Executive Director**

Mr. Dillon received no compensation, benefits and other payments derived from public funds, which require disclosure in accordance with La. R.S. 24:513(A)(3).

**John L. McKowen**  
Certified Public Accountant

2178 Myrtle Avenue  
Baton Rouge, Louisiana 70806

Office (225) 615-7844  
jlmckowen@cox.net

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED UPON PROCEDURES**  
**For the Year Ended June 30, 2019**

To the Board of Directors  
Urban Restoration Enhancement Corporation  
Post Office Box 73032  
Baton Rouge, Louisiana 70874

I have performed the procedures enumerated below, which were agreed to by Urban Restoration Enhancement Corporation (the Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures for the fiscal period July 1, 2018 through June 30, 2019. The Organization's management is responsible for those control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures.

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*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control and compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



John L. McKowen, CPA

Baton Rouge, Louisiana  
December 19, 2019

**Member**

*American Institute of Certified Public Accountants*  
*Society of Louisiana Certified Public Accountants*

## 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

*The Organization's written policies and procedures adequately address budgeting.*

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.

*The Organization's written policies and procedures adequately address purchasing.*

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

*The Organization's written policies and procedures adequately address disbursements.*

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).

*The Organization's written policies and procedures adequately address receipts/collections.*

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

*The Organization's written policies and procedures adequately address payroll/personnel.*

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

*The Organization's written policies and procedures adequately address contracting.*

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)

*The Organization's written policies and procedures adequately address credit card usage.*

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

*The Organization's written policies and procedures adequately address travel and expense reimbursement.*

- 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.

*Not applicable.*

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

*Not applicable.*

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

- l) *The Organization's written policies and procedures adequately address disaster recovery/business continuity.*

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

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*There were no exceptions in the prior year; therefore, board minutes were not tested in the current year.*

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

### ***Bank Reconciliations***

---

*There were no exceptions in the prior year; therefore, bank reconciliations were not tested in the current year.*

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);  
*There was evidence for each of the Organization's bank accounts selected that reconciliations were prepared within 2 months of the related closing date.*
  - 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  
*Evidence existed that a member of management without the above involvement reviewed the bank reconciliation.*
  - 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.  
*The operating account had several small reconciling items outstanding for more than 12 months. Management will investigate.*

### ***Collections (excluding EFTs)***

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*There were no exceptions in the prior year; therefore, collections were not tested in the current year.*

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

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
  7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
    - a) Observe that receipts are sequentially pre-numbered.
    - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
    - c) Trace the deposit slip total to the actual deposit per the bank statement.
    - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
    - e) Trace the actual deposit per the bank statement to the general ledger.

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

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*There were no exceptions in the prior year; therefore, non-payroll disbursements were not tested in the current year.*

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

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

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

---

*There were no exceptions in the prior year; therefore, credit cards were not tested in the current year.*

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

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

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

*There were no exceptions in the prior year; therefore, travel and travel related expense reimbursements were not tested in the current year.*

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

#### **Contracts**

*There were no exceptions in the prior year; therefore, contracts were not tested in the current year.*

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid 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.

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

---

*There were no exceptions in the prior year; therefore, payroll and personnel were not tested in the current year.*

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Not applicable.*

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Not applicable.*

#### ***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*Not applicable.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*Not applicable.*

#### ***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management represents that there were no misappropriations during the fiscal year.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The Organization has the notice required by R.S. 24:523.1 posted on both its premises and website.*