

FINANCIAL REPORT

**West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana**

June 30, 2019

**Michael R. Choate & Company
Certified Public Accountants**

FINANCIAL REPORT

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Port Allen, Louisiana**

June 30, 2019

TABLE OF CONTENTS

Financial Report

West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana

June 30, 2019

1. MANAGEMENT’S DISCUSSION AND ANALYSIS	1
2. INDEPENDENT AUDITOR’S REPORT	9
3. BASIC FINANCIAL STATEMENTS	
GOVERNMENT WIDE FINANCIAL STATEMENTS:	
A. Statement of Net Assets	12
B. Statement of Activities	13
FUND FINANCIAL STATEMENTS:	
C. Balance Sheet	14
D. Statement of Revenues, Expenditures and Changes in Fund Balances	15
E. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
F. NOTES TO THE FINANCIAL STATEMENTS	17
4. SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34:	
• Budgetary Comparison Schedule – General Fund	25
• Budgetary Comparison Schedule – Title III B Fund	26
• Budgetary Comparison Schedule – Title III C-1 Fund	27
• Budgetary Comparison Schedule – Title III C-2 Fund	28
• Budgetary Comparison Schedule- Millage	29

5. SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA:	
• Schedule of Non-major Special Revenue	31
• Comparative Schedule of General Fixed Assets and Changes in General Fixed Assets	32
6. SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY LOUISIANA LAW:	
• Schedule of Compensation, Benefits, and Other payments to the Council's Executive Director	33
7. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	34
8. CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS	36

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Baton Rouge Council on Aging, Inc.

The "Management's Discussion and Analysis" of the West Baton Rouge Council on Aging, Inc.'s (the "Council") financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2019. This report highlights the current year's activities, resulting changes, and relevant facts. Please read this report in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS *(See Condensed Statements on Page 7)*

Here are the financial highlights:

The Council's assets exceeded its liabilities at the close of fiscal year 2019 by \$2,066,413 (net position) which represents a 12% increase from last fiscal year.

Cash was \$1,986,658 at June 30, 2019 compared to \$1,773,308 at June 30, 2018. This is an increase of \$213,350 or 12%.

The Council's revenue increased \$148,426 or 13% primarily due to an increase in property taxes of \$62,464, a DOTD vehicle grant of \$52,675 and \$32,876 increase in investment and miscellaneous income.

The Council's expenditures increased \$79,341 or 8% primarily due to an increase in capital outlay of \$54,332 in personnel costs of \$12,952, other costs increased \$6,000 and meals \$3,600.

As a result of subtracting total expenditures from total revenue, the Council's net position increased by \$228,819 this fiscal year. Last year the net assets increased \$102,449.

Services this year have been comparable with the prior year. Transportation was down slightly while total congregate and delivered meals were up slightly. The West Baton Rouge Council on Aging strives to maintain a high level of maintenance, safety and cleanliness at the facility with ongoing training of all staff.

OVERVIEW OF THE FINANCIAL STATEMENTS – What’s Included

This discussion and analysis is intended to serve as an overview to the Council’s basic financial statements. The Council’s annual report consists of five parts: (1) management’s discussion and analysis (this section) (2) basic financial statements (3) required supplementary information, and (4) the optional section that presents combining statements for non-major governmental funds and other supplementary information and (5) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Council:

Government-wide Financial Statements

The government-wide financial statements (see Exhibits A and B) are designed to provide readers with a broad overview of the Council’s finances, in a manner similar to a private sector business. The **statement of net position** presents information on all of the Council’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. The **statement of activities** presents information showing how the Council’s net assets change during each fiscal year (revenues less expenditures). All changes in net assets are reported as soon as the financial transaction occurs regardless of the timing of the related cash flows. Thus, revenues and expenditures are reported in this statement this fiscal year even though the resulting cash flow is in future fiscal years. The governmental activity of the Council is health and welfare which is comprised of various programs that include supportive services, nutritional services, utility assistance disease prevention, caregiver support and a multipurpose senior center in Port Allen, Louisiana.

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. All of the funds of the Council are governmental funds.

Governmental Funds

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 current year inflows and outflows of cash, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison between governmental funds and governmental activities. (Exhibit D and E)

The Council has presented the General Fund, Title III B – Supportive Services Fund, Title III C-1- Congregate Meals Fund, Title III C-2 – Home Delivered Meals Fund, Millage Fund and Senior Center Fund as major funds. (Exhibit C & D) All non-major governmental funds are presented in one column, titled “Total Non-Major Funds”. Combining financial statements of the non-major funds can be found in the Combining Fund Statements that follow the basic financial statements (Page 31).

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted budget (Pages 25 to 29). In addition to these required elements, the Council has a section of supplementary information. The Governor’s Office of Elderly Affairs (GOEA) has required the Council to present combining statements that provide details about our non-major governmental funds and details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council (Page 31 and 32).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serve as a useful indicator of the Council's financial position. As of June 30, 2019 assets exceeded liabilities by \$2,066,413. A large portion of the Council's net assets (96%) reflects its cash position. The Council has a strong cash position.

Special Revenue Fund Budgetary Highlights

The budget was amended one time during the year. The primary reasons for amending the budget were to comply with the Council's grants for GOEA due to unanticipated changes in expenditures.

During the year, actual expenditures differed from budgetary estimates. Required supplementary information budgetary comparison schedules were prepared for the General Fund and each major Special Revenue Fund (Page 25 to 29).

CAPITAL ASSETS

The Council's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$148,797 (net accumulated depreciation). This investment in capital assets includes office furniture, fixtures, vehicles, machinery and equipment (see table below).

	<u>2019</u>	<u>2018</u>
Office furniture, fixtures and equipment	\$ 91,503	\$ 90,428
Vehicles	241,500	180,604
Land and Building Improvements	<u>54,653</u>	<u>54,653</u>
Total Cost	387,656	325,685
Less accumulated depreciation	<u>(238,859)</u>	<u>(198,502)</u>
Totals	<u>\$ 148,797</u>	<u>\$ 127,183</u>

Additional information on the Council's capital assets can be found in the Note 1 (C) and 6, Exhibit F of this report. The Council bought a security system and a 12 passenger van with a matching grant from DOTD.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Council receives most of its funding from local property taxes. Additional funding is from federal and state agencies. Because of this, the source of income for the Council is consistent. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, those revenues are not fixed. There have been no significant changes to the funding levels or terms of the grants and contracts. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2019-2020. There are no plans to add any significant programs for next fiscal year.

The Executive Director and Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Actual expenditures from previous fiscal year in relation to expected needs in the current year.
- Consideration of funding to be received from GOEA.
- The Ad Valorem Tax revenue budgeted represents the estimated amount of the October 2019 assessment, which the Council will receive, for the most part, in January 2020.
- Interest revenues have been budgeted as decreasing.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Travel rates in accordance with state travel regulations.
- Services the Council will provide along with estimated service costs.
- Estimate of operation supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.
- Vehicle insurance based on quotes and contracts.

Condensed Statements of Net Assets

	June 30,		Dollar Change
	<u>2019</u>	<u>2018</u>	
Cash	\$ 1,986,658	\$ 1,773,308	\$ 213,350
Other current assets	8,691	4,936	3,755
Capital assets	<u>148,797</u>	<u>127,183</u>	21,614
Total assets	<u>\$ 2,144,146</u>	<u>\$ 1,905,427</u>	<u>\$ 238,719</u>
Accounts payable	12,945	2,664	10,281
Payroll liabilities	1,733	1,614	119
Accrued compensated absences	<u>63,055</u>	<u>63,555</u>	(500)
Total liabilities	<u>77,733</u>	<u>67,833</u>	<u>\$ 9,900</u>
Net Position:			
Invested in capital assets, net	148,797	127,183	21,614
Restricted	1,879,436	1,684,846	194,590
Unrestricted	<u>38,180</u>	<u>25,565</u>	12,615
Total net position	<u>\$ 2,066,413</u>	<u>\$ 1,837,594</u>	<u>\$ 228,819</u>

Governmental Activities

Governmental activities increased the Council net position by \$228,819. Key elements of this increase are as follows:

	June 30,		Dollar Change
	2019	2018	
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 111,755	\$ 100,241	\$ 11,514
General revenues:			
Property taxes	1,031,710	969,246	62,464
Grants and contributions not restricted	79,072	37,500	41,572.00
Unrestricted investment earnings	29,318	7,401	21,917
Miscellaneous	23,464	12,505	10,959
Total revenues	<u>1,275,319</u>	<u>1,126,893</u>	<u>148,426</u>
Expenses:			
Health and welfare	<u>1,046,500</u>	<u>1,024,444</u>	<u>22,056</u>
Total expenses			
Increase (decrease) in net position	228,819	102,449	126,370
Net position beginning of year	<u>1,837,594</u>	<u>1,735,145</u>	<u>102,449</u>
Net position end of year	<u>\$ 2,066,413</u>	<u>\$ 1,837,594</u>	<u>\$ 228,819</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Council's governmental funds is to provide information on current year inflows, outflows, and balances of spendable cash and other resources. Such information is useful in assessing the Council's cash flow requirements. In particular, unrestricted fund balance at year end may serve as a useful measure of a government's net resources available for spending next fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,980,671 an increase of

\$206,705 in comparison with the prior year. An unassigned fund balance of \$1,968,634 is available for spending at the Council's discretion. This includes the Millage Fund. The remainder of fund balance is reserved to indicate that it is not available for new general spending because it has already been committed. This is reflected in Exhibit C.

The General Fund is the unrestricted operating fund of the Council. At the end of the current fiscal year, unreserved fund balance of the general fund was \$38,180 while total fund balance reached \$1,980,671 (Exhibit C). The fund balance of the Council's General Fund increased by \$12,615 during the current fiscal year. (Exhibit D)

Other major funds, including Title III B – Supportive Services Fund and Title III C-2 – Home Delivered Meals Fund and Title III C-1 Congregate Meals had a no change in fund balances. These funds are reimbursed by federal and state grants. Expenditures that are not covered by the grants are covered by transfers from the General Fund and Millage Fund.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances for all interested in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Tommie Gordon, Executive Director
West Baton Rouge Council on Aging, Inc.
P.O. Box 122
Port Allen, Louisiana. 70767
Phone (225) 383-0638

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Baton Rouge Council on Aging, Port Allen, Louisiana, (the Council) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council'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

My responsibility is to express opinions 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.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 1 through 8) and budgetary comparison information (pages 25 through 29) 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-major Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis by the Governor's Office of Elderly Affairs (GOEA). In addition, Louisiana Revised Statute 24:513 (A)(3), as amended, requires the Council to present a supplemental schedule of Compensation, Benefits and Other Payments Made to the Council's Executive Director for the fiscal year. These schedules are not a required part of the basic financial statements.

The information in these three schedules is the responsibility of management and was 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 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, I have also issued my report dated December 26, 2019 on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Baton Rouge, Louisiana,
December 26, 2019


Michael R. Choate & Company, CPAs

GOVERNMENT WIDE FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENT OF NET POSITION
WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA

June 30, 2019

	Governmental Activities
Assets	
Cash	\$ 1,986,658
Grants and contracts receivable	8,691
Capital assets, net of accumulated depreciation	148,797
Total Assets	\$ 2,144,146
Liabilities	
Accounts payable	\$ 12,945
Payroll liabilities	1,733
Accrued compensated absences	63,055
Total Liabilities	77,733
Net Position	
Invested in Capital Assets	148,797
Restricted for:	
Utility Assistance	8,905
Title III-B	25
Title III-E	1,607
MIPPA	1,500
Millage	1,867,399
Unrestricted	38,180
Total Net Position	\$ 2,066,413

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**GOVERNMENT WIDE STATEMENT OF ACTIVITIES
WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA**

For the year ended June 30, 2019

	<u>Direct Expenses</u>	<u>Indirect Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Increases (Decreases) in Net Assets</u>
<u>Functions / Programs</u>					<u>Total Governmental Activities</u>
Governmental Activities					
Health, Welfare & Social Services					
Supportive Services:	\$ 253,043	\$ 141,366	\$ 34,700	\$ -	\$ (359,709)
Personal Care	-	-	-		-
Other Services	-	-	-		-
Homemaker	-	-	-		-
Information and Assistance	-	-	-		-
Legal Assistance	-	-	-		-
Outreach	-	-	-		-
Transportation	39,282	-	-	52,675	13,393
Nutrition Services:					
Congregate Meals	32,202	16,318	14,878		(33,642)
Home Delivered Meals	155,772	48,030	8,977		(194,825)
National Family Caregiver Support	583		525		(58)
Multipurpose Senior Centers					-
Administration	349,055	10,849			(359,904)
Total governmental activities	\$ 829,937	\$ 216,563	\$ 59,080		\$ (934,745)
General Revenues:					
Ad Valorem Taxes					1,031,710
Grants and contributions not restricted to specific programs					79,072
Unrestricted Investment Income					29,318
Miscellaneous					23,464
Total general revenues					1,163,564
Increase (Decrease) in net position					228,819
Net position - beginning of the year					1,837,594
Net position - end of the year					\$ 2,066,413

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
West Baton Rouge Council on Aging, Inc.
June 30, 2019

	General Fund	Millage	Title III B	Title III C-1	Title III C-2	Total Non Major Funds	Total
Assets							
Cash	\$ 35,166	\$ 1,945,146	\$ (3,097)	\$ (1,621)	\$ (873)	\$ 11,937	1,986,658
Grants and Contracts Receivable	3,000	-	3,122	1,621	873	75	8,691
Total Assets	\$ 38,166	\$ 1,945,146	\$ 25	\$ -	\$ -	\$ 12,012	\$ 1,995,349
Liabilities and Fund Balance							
Liabilities							
Accounts Payable	\$ (14)	\$ 12,959	\$ -	\$ -	\$ -	\$ -	12,945
Payroll Taxes Payable	-	1,733	-	-	-	-	1,733
Total Liabilities	(14)	14,692	-	-	-	-	14,678
Fund Balances							
Unassigned:							
General Fund	38,180	-	-	-	-	-	38,180
Restricted:							
Special Revenue Funds	-	1,930,454	25	-	-	12,012	1,942,491
Total Fund Balances	38,180	1,930,454	25	-	-	12,012	1,980,671
Total Liabilities and Fund Balances	\$ 38,166	\$ 1,945,146	\$ 25	\$ -	\$ -	\$ 12,012	

Amounts reported for governmental activities in the statement of net assets are different because:

Compensation absences are not paid for out of current financial resources and therefore are not reported funds	(63,055)
Capital assets used in governmental activities are not resources therefore are not reported in the funds	148,797
Net position of Governmental Activities	\$ 2,066,413

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 West Baton Rouge Council on Aging, Inc.
 Baton Rouge, LA
 For the Year Ended June 30, 2019

	General Fund	Millage	Title III B	Title III C-1	Title III C-2	Total Non Major Funds	Total Governmental Funds
REVENUES							
Advalorem Tax	\$ -	\$ 1,031,710	\$ -	\$ -	\$ -	\$ -	\$ 1,031,710
Intergovernmental							
Capital Area Agency on Aging District II, Inc.	-	-	34,080	10,952	7,576	525	53,133
Governor's Office of Elderly Affairs	37,500	-	-	-	-	41,572	79,072
Louisiana Dept of Transportation -vehicle grant	-	52,675	-	-	-	-	52,675
Public Support							
Contributions-clients	-	-	620	3,926	1,401	-	5,947
Contributions-other	-	-	-	-	-	-	-
Investment Income	29,318	-	-	-	-	-	29,318
Miscellaneous	23,464	-	-	-	-	-	23,464
Inkind Contributions	-	-	-	-	-	-	-
Total Revenues	90,282	1,084,385	34,700	14,878	8,977	42,097	1,275,319
EXPENDITURES							
Health, Welfare, & Social Services							
Current:							
Personnel	-	176,895	222,636	11,172	70,845	328	481,876
Fringe	-	53,837	104,873	19,172	30,941	140	208,963
Meals	-	39,030	-	11,873	40,823	-	91,726
Operating Services	-	94,283	42,103	3,914	14,235	74	154,609
Operating Supplies	-	-	6,015	608	2,248	12	8,883
Other Costs	10,849	21,465	14,071	1,197	4,421	22	52,025
Travel	-	-	4,711	584	1,259	7	6,561
Utility Assistance	-	-	-	-	-	-	-
Capital Outlays	-	63,971	-	-	-	-	63,971
Inkind	-	-	-	-	-	-	-
Total Expenditures	10,849	449,481	394,409	48,520	164,772	583	1,068,614
Excess (deficiency) of Revenues over Expenditures	79,433	634,904	(359,709)	(33,642)	(155,795)	41,514	206,705
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	359,734	33,642	155,795	170	549,341
Transfers Out	(66,818)	(442,451)	-	-	-	(40,072)	(549,341)
Total other Financing Sources and Uses	(66,818)	(442,451)	359,734	33,642	155,795	(39,902)	-
Net Increase (Decrease) in Fund Balances	12,615	192,453	25	-	-	1,612	206,705
FUND BALANCES							
Beginning of the Year	25,565	1,738,001	-	-	-	10,400	1,773,966
End of the Year	\$ 38,180	\$ 1,930,454	\$ 25	\$ -	\$ -	\$ 12,012	\$ 1,980,671

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana

Year Ended June 30, 2019

Net Increase (Decrease) in fund balances – total governmental funds	\$ 206,705
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$63,971 differs from depreciation (\$42,357) in the current period.</p>	
	21,614
<p>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 governmental funds:</p>	
Compensated absences	<u>500</u>
Increase (Decrease) of net position of governmental activities	<u><u>\$228,819</u></u>

NOTES TO FINANCIAL STATEMENTS

West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana

June 30, 2019

Note 1 - Summary Of Significant Accounting Policies

A. Statement of Presentation:

The accompanying financial statements conform to generally accepted accounting principles for local government units as prescribed by Statement 1, Governmental Accounting and Financial Reporting Principles published by the National Council on Governmental Accounting, and Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants.

The local councils on the aging were created under Act No. 456 of 1964 for the welfare of the aging people in their respective parish.

B. Fund Accounting:

The accounts of the Council are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds presented in the financial statements in this report are as follows:

Governmental Fund types

Governmental funds are those through which most governmental functions of the Council are financed. The acquisition, use and balances of the Council's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Council's governmental funds:

Note 1 - Summary Of Significant Accounting Policies (continued)

Governmental Fund (continued):

General Fund - The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes. Most of the Council’s special revenue funds are provided by GOEA.

The Title III funds are provided by the United States Department of Health and Human Services – Administration on Aging through the Governor’s Office of Elderly Affairs which in turn “passes through” the funds to the Capital Area Agency on Aging and then to the Council.

The following are the funds which comprise the Council’s Special Revenue Funds:

Major Special Revenue Funds

A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category type.

Title III-B Supportive Services Fund

The Title III-B Supportive Services Fund is used to account for funds which are to provide a variety of social services; such as, information and assistance, access services, in-home services, community services, legal assistance, and outreach for people age 60 and older.

GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services provided during the fiscal year, are as follows:

- Information and Assistance
- Homemaker
- Recreation
- Transportation for people age 60 or older
- Utility Assistance
- Medical Alert
- Telephoning

Title III C-1 Congregate Meals Fund

The Title III C-1 Fund is used to account for funds which are used to provide nutritional, congregate meals to the elderly in strategically located centers.

Title III C-2 Home Delivered Meals Fund

Title III C-2 Fund is used to account for funds which are used to provide nutritional, home delivered meals to homebound older persons.

Millage Fund

The Millage Fund is used to account for the revenue received from a West Baton Rouge Parish property tax. These funds significantly finance the Council's budget and activities.

Non Major Special Revenue Funds

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program provides community service centers at which older persons receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community.

Title III-E Fund

The Title III-E Fund is used to account for funds which are used to provide continuing education services to assist individuals to acquire knowledge about services and/or care giving role and needs.

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging through the state to be used to supplement the primary state grant for senior centers. West Baton Rouge Council on Aging, Inc. was one of the parish councils to receive a supplemental grant. These funds are "passed through" the Governor's Office of Elderly Affairs.

C. Capital Assets:

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the assets estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Building Improvements	20 years
Equipment	5-7 years
Vehicles	5 years
Computers	3 years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category or capital asset, management has used 10% of the vehicles initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

D. Transfers:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for as an asset or liability through the various due from and due to accounts.

E. Budget Policy:

Budgets for the programs are prepared by the Council's Executive Director and approved by the grantors and the Council's board of directors.

F. Compensated Absences:

For government wide financial statements, the Council's liability for accumulated unpaid vacation has been recorded. The liability has been determined using the number of vested vacation hours for each employee multiplied by the employee's current wage rate at the end of the year. The maximum hours that can be carried forward for an employee is 480. Accrued vacation benefits will be paid from future years' resources and will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees. The Council's sick leave policy does not provide for the vesting of sick leave where payment would have to be made to a terminated employee for any unused portion.

G. Management's Use of Estimates:

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

H. Revenue Recognition:

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting. Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

Note 2 - Board of Director's Compensation

The Board of Directors is a voluntary Board; therefore, no compensation has been paid to any member.

Note 3 - In Kind Financial Assistance

The Council receives nominal financial assistance from the West Baton Rouge Parish government. However, facilities and land are owned by the Parish. No rent is charged under a 99 year lease agreement which expires December 31, 2097.

Note 4 - Economic Dependency

The Council receives a portion of its revenue from funds provided through grants administered by the Louisiana Governor's Office of Elderly Affairs, and the Capital Area Agency on Aging-District II, Inc. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

Note 5 - Transfers

Transfers in and out are listed by fund type for the year ended June 30, 2019:

	Transfers Out					<u>Total Transfers In</u>
	<u>Senior Center</u>	<u>Sup Senior Center</u>	<u>Millage Fund</u>	<u>General Fund</u>	<u>III C-2</u>	
<u>Transfers In</u>						
<u>Special Revenue Fund:</u>						
Title III B	\$ 36,972	\$ 3,100	\$ 252,844	\$ 66,818	\$ -	\$ 359,734
Title III C-1		-	33,642	-	-	33,642
Title III C-2	-	-	155,795	-	-	155,795
Title III E			170	-	-	170
General Fund	-	-	-	-	-	-
Total Transfers Out	<u>\$ 36,972</u>	<u>\$ 3,100</u>	<u>\$ 442,451</u>	<u>\$ 66,818</u>	<u>\$ -</u>	<u>\$ 549,341</u>

Note 6 - General Fixed Assets

The changes in the general fixed asset account group are as follows:

	<u>Balance</u> <u>6/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2019</u>
Furniture and Equipment	\$ 90,428	\$ 3,075	\$ (2,000)	\$ 91,503
Land and Building Improvements	54,653	-	-	54,653
Vehicles	<u>180,604</u>	<u>60,896</u>	<u>-</u>	<u>241,500</u>
	<u>\$ 325,685</u>	<u>\$ 63,971</u>	<u>\$ (2,000)</u>	<u>\$ 387,656</u>

Note 7 - Deposits With Financial Institutions

At June 30, 2018, The Council had bank balances totaling \$1,986,658. Bank balances totaling \$250,000 are insured by federal deposit insurance while deposits of \$1,736,658 are collateralized by securities held by the depository bank in the Council's name. This is considered as "Category 1" credit risk in accordance with GASB Statement 3.

GASB Statement 3 categories deposits into three categories of credit risk:

1. Insured by FDIC or collateralized with securities held by the Council or by its agent in the Council's name. (Category 1)
2. Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name. (Category 2)
3. Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Council's name; or collateralized with no written or approved collateral agreement. (Category 3)

Note 8 – Grants & Accounts Receivable

Accounts receivable at June 30, 2019 included the following funds:

<u>Special Revenue</u>	
Title III B	\$ 3,122
Title III C-1	1,621
Title III C-2	873
Title III E	75
General Fund	3,000
Total	<u>\$ 8,691</u>

Note 9 – Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code.

Note 10 – Subsequent Events

Management has evaluated subsequent events through December 26, 2019, which is the date the financial statements were available to be issued. There were no events that required disclosure.

Exhibit F
continued

SUPPLEMENTARY FINANCIAL INFORMATION

Required by GASB 34

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND**

**WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2018**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Capital Area Agency on Aging District II, Inc.	-	-	-	
State of Louisiana	37,500	37,500	37,500	-
Other:				
Miscellaneous	-	-	23,464	23,464
Contributions	-	-	-	-
Investment Income	-	-	29,318	29,318
Total Revenues	<u>37,500</u>	<u>37,500</u>	<u>90,282</u>	<u>52,782</u>
<u>EXPENDITURES</u>				
Current:				
Personnel	176,895	170,694	-	170,694
Fringe	42,877	93,656	-	93,656
Operating services	103,112	90,000	-	90,000
Operating supplies	-	-	-	-
Meals	39,030	46,900	-	46,900
Travel	-	-	-	-
Capital outlay	8,323	9,800	-	9,800
Other	22,000	25,000	10,849	14,151
Total Expenditures	<u>392,237</u>	<u>436,050</u>	<u>10,849</u>	<u>425,201</u>
Excess of Revenues over (under) Expenditures	(354,737)	(398,550)	79,433	477,983
<u>OTHER FINANCING SOURCES USES</u>				
Operating transfers in	392,237	436,050	-	(436,050)
Operating transfers out	<u>(37,500)</u>	<u>(37,500)</u>	<u>(66,818)</u>	<u>(29,318)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,615</u>	<u>\$ 12,615</u>

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III-B**

**WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2019**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Capital Area Agency on Aging District II, Inc.	33,745	34,080	34,080	-
State of Louisiana	-	-	-	-
Other:				
Miscellaneous	-	-	-	-
Contributions	1,000	1,000	620	(380)
Contributions in Kind	-	-	-	-
Total Revenues	34,745	35,080	34,700	(380)
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind				-
Personnel	227,133	217,189	222,636	(5,447)
Fringe	73,677	106,377	104,873	1,504
Travel	5,025	5,736	4,711	1,025
Operating services	46,727	47,797	42,103	5,694
Operating supplies	6,708	7,600	6,015	1,585
Meals	-	-	-	-
Capital outlay				-
Utility assistance				-
Other	20,955	18,271	14,071	4,200
Total Expenditures	380,225	402,970	394,409	8,561
Excess of Revenues over (under) Expenditures	(345,480)	(367,890)	(359,709)	8,181
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	328,969	367,890	359,734	(8,156)
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (16,511)	\$ -	\$ 25	\$ 25

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III C-1**

**WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2019**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Capital Area Agency on Aging District II, Inc. State of Louisiana	10,952	10,952	10,952	-
Other:				
Miscellaneous	-	-	-	-
Contributions	3,000	3,000	3,926	926
Contributions in Kind	-	-	-	-
Total Revenues	13,952	13,952	14,878	926
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	-	-	-	-
Personnel	22,668	21,398	11,172	10,226
Fringe	19,275	21,535	19,172	2,363
Travel	548	628	584	44
Operating services	5,670	5,545	3,914	1,631
Operating supplies	914	987	608	379
Meals	16,487	16,487	11,873	4,614
Capital outlay	-	-	-	-
Other	2,718	2,243	1,197	1,046
Total Expenditures	68,280	68,823	48,520	20,303
Excess of Revenues over (under) Expenditures	(54,328)	(54,871)	(33,642)	21,229
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	54,897	54,871	33,642	(21,229)
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 569	\$ -	\$ -	\$ -

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III C-2**

**WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2019**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Capital Area Agency on Aging District II, Inc. State of Louisiana	7,576 - -	7,576 - -	7,576 - -	- - -
Other:				
Miscellaneous	-	-	-	-
Contributions	1,000	2,000	1,401	(599)
Contributions in Kind	-	-	-	-
Total Revenues	<u>8,576</u>	<u>9,576</u>	<u>8,977</u>	<u>(599)</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	-	-	-	-
Personnel	77,216	67,094	70,845	(3,751)
Fringe	31,380	37,259	30,941	6,318
Operating services	14,681	13,479	14,235	(756)
Operating supplies	2,366	2,399	2,248	151
Meals	34,100	42,770	40,823	1,947
Travel	1,419	1,527	1,259	268
Capital outlay	-	-	-	-
Utility assistance	-	-	-	-
Other	7,038	5,452	4,421	1,031
Total Expenditures	<u>168,200</u>	<u>169,980</u>	<u>164,772</u>	<u>5,208</u>
Excess of Revenues over (under) Expenditures	(159,624)	(160,404)	(155,795)	4,609
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	161,097	160,404	155,795	(4,609)
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 1,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - MILLAGE**

**WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2019**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Ad valorem taxes	\$ 972,920	\$ 959,175	\$ 1,031,710	\$ 72,535
Intergovernmental:				
Capital Area Agency on Aging District II, Inc.	-	-	-	-
State of Louisiana	-	-	52,675	52,675
Other:				
Miscellaneous	-	-	-	-
Contributions	-	-	-	-
Contributions in Kind	-	-	-	-
Total Revenues	<u>972,920</u>	<u>959,175</u>	<u>1,084,385</u>	<u>125,210</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	-	-	-	-
Personnel	-	-	176,895	(176,895)
Fringe	-	-	53,837	(53,837)
Operating services	-	-	94,283	(94,283)
Operating supplies	-	-	-	-
Meals	-	-	39,030	(39,030)
Travel	-	-	-	-
Capital outlay	-	-	63,971	(63,971)
Utility assistance	-	-	-	-
Other	-	-	21,465	(21,465)
Total Expenditures	<u>-</u>	<u>-</u>	<u>449,481</u>	<u>(449,481)</u>
Excess of Revenues over (under) Expenditures	972,920	959,175	634,904	(324,271)
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	-	-	-	-
Operating transfers out	(911,574)	(915,067)	(442,451)	472,616
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 61,346</u>	<u>\$ 44,108</u>	<u>\$ 192,453</u>	<u>\$ 148,345</u>

SUPPLEMENTARY FINANCIAL INFORMATION

Required by: Governor's Office of Elderly Affairs

Statement of Revenues, Expenditures, and Changes in Fund Balances
Non Major Funds
West Baton Rouge Council on Aging, Inc.
Baton Rouge, LA

For the Year Ended June 30, 2019

	Senior Center	Title III E	Utility Assistance	MIPPA	Supplemental Senior Center	Total Non Major Funds
REVENUES						
Advalorem Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental						
Capital Area Agency on Aging District II, Inc.	-	525	-	-	-	525
Governor's Office of Elderly Affairs	36,972	-	-	1,500	3,100	41,572
Public Support	-	-	-	-	-	-
Contributions-clients	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Inkind Contributions	-	-	-	-	-	-
Total Revenues	<u>36,972</u>	<u>525</u>	<u>-</u>	<u>1,500</u>	<u>3,100</u>	<u>42,097</u>
EXPENDITURES						
Health, Welfare, & Social Services						
Current:						
Personnel	-	328	-	-	-	328
Fringe	-	140	-	-	-	140
Meals	-	-	-	-	-	-
Operating Services	-	74	-	-	-	74
Operating Supplies	-	12	-	-	-	12
Other Costs	-	22	-	-	-	22
Travel	-	7	-	-	-	7
Utility Assistance	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-
Inkind	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>583</u>
Excess (deficiency) of Revenues over Expenditures	<u>36,972</u>	<u>(58)</u>	<u>-</u>	<u>1,500</u>	<u>3,100</u>	<u>41,514</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	170	-	-	-	170
Transfers Out	(36,972)	-	-	-	(3,100)	(40,072)
Total other Financing Sources and Uses	<u>(36,972)</u>	<u>170</u>	<u>-</u>	<u>-</u>	<u>(3,100)</u>	<u>(39,902)</u>
Net Increase (Decrease) in Fund Balances	<u>-</u>	<u>112</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,612</u>
FUND BALANCES						
Beginning of the Year	-	1,495	8,905	-	-	10,400
End of the Year	<u>\$ -</u>	<u>\$ 1,607</u>	<u>\$ 8,905</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 12,012</u>

**COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS AND CHANGES IN
GENERAL FIXED ASSETS**

West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana

For the year ended June 30, 2019

	Balance <u>June 30, 2018</u>	Additions	Deletions	Balance <u>June 30, 2019</u>
General Fixed Assets:				
Vehicles	\$ 180,604	\$ 60,896	\$ -	\$ 241,500
Land and building improvements	54,653	-	-	54,653
Office Furniture and Equipment	90,428	3,075	(2,000)	91,503
Total Fixed Assets	\$ 325,685	\$ 63,971	\$ (2,000)	\$ 387,656
Investment in General Fixed Assets:				
Property acquired with funds from-				
PCOA	117,088	-	-	117,088
Local	2,800	-	-	2,800
Millage	201,258	63,971	(2,000)	263,229
Senior Center	4,539	-	-	4,539
Title III B	-	-	-	-
Title III C-1	-	-	-	-
Total Investments in General Fixed Assets	\$ 325,685	\$ 63,971	\$ (2,000)	\$ 387,656

**Schedule of Compensation, Benefits and Other Payments to the
Council's Executive Director**

**West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana
For the year ended June 30, 2019**

Executive Director's (Agency Head) Name: Tommie Gordon

Purpose	Amount
Salary - Tommie	\$ 70,000
Benefits-insurance (health and life)	4,800
Benefits-retirement	
Benefits-Other (describe)	
Benefits-Other (describe)	
Benefits-Other (describe)	
Car allowance	
Vehicle provided by government (enter amount reported on W-2)	
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Housing	
Unvouchered expenses (example: travel advances, etc.)	
Special meals	
Other - Petty Cash Reimbursements	

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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,
West Baton Rouge Council on Aging, Inc.
Port Allen, 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 the governmental activities, each major fund, and the aggregate remaining fund information of the West Baton Rouge Council on Aging, Port Allen, Louisiana, (the Council) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued my report thereon dated December 26, 2019.

Internal Control Over Financial Reporting

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

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

My consideration of internal control 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 over financial reporting 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 the Council's financial statements are free of 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 purposes of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Baton Rouge, Louisiana,
December 26, 2019


Michael R. Choate & Company, CPAs

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS

**West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana**

June 30, 2019

There were no deficiencies found for the prior year June 30, 2018.

2915 S. Sherwood Forest Blvd, Suite B
Baton Rouge, LA 70816
P: 225.292.7434

2895 Hwy 190, Suite 230
Mandeville, LA 70471
P: 985.674.9092

Independent Accountant’s Report on Applying Agreed-Upon Procedures

West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana, USA

To the Board of Directors of West Baton Rouge Council on Aging, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by West Baton Rouge Council on Aging, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA’s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity’s management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Procedures:

1. Determine if the following accounting **policies are in writing** and address the issues described in the attached Appendix.

Budgeting	Payroll/ Personnel	Ethics
Purchasing	Contracting (vendors)	Debt service
Disbursements	Credit cards	Disaster recovery
Receipts	Travel and expense reimbursements	

2. Test compliance with the above accounting policies using the procedures described in the twelve AUP categories in the attached Appendix.

Findings:

1. **Written policies exist for all the AUP categories except:**

Ethics policy needs to be amended to include: “actions to be taken if an ethics violation takes place; system to monitor possible ethics violations and; requirement that all employees annually attest through signature that they have read the Council’s ethics policy.

Management response: Ethics policy will be amended at next board meeting.

Disaster recovery policy needs to be amended to include additional information required by AUP.

Management response: Disaster recovery policy will be amended at next board meeting.

2. Testing of all other AUP categories:

Board or Finance committee – N/A no findings prior year;

Bank reconciliations – N/A no findings prior year;

Collections – N/A no findings prior year;

Non payroll disbursements –N/A no findings prior year;

Credit cards – N/A no findings prior year;

Travel expenditures –N/A no findings prior year;

Contracts (vendors) – N/A no findings prior year;

Payroll – N/A no findings prior year.

Ethics – finding - no documentation that employees had attested thru signature that they had read the Council’s ethics policy.

Management response: Signature verification will be obtained to document that employees have read Ethics policy.

Debt service – N/A no findings prior year;

Other – N/A no findings prior year.

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

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

December 26, 2019

A handwritten signature in cursive script that reads "Michael R Choate". The signature is written in black ink and has a long, horizontal flourish extending to the right.

Michael R Choate & Company CPAs

APPENDIX

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020

Procedures

Report all exceptions to the following procedures, either after each procedure or after all procedures within each of the twelve AUP categories. “Random” selections may be made using Microsoft Excel’s random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide - *Audit Sampling*).

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):³
 - 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)

³ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization’s operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020

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***⁴, 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.
- 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.

Board or Finance Committee⁵

- 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.⁶ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced*

⁴ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

⁵ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

⁶ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020

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

- 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 accounts⁷ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding EFTs)⁸

- 4. Obtain a listing of deposit sites⁹ 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 locations¹⁰ 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

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

⁸ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁰ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020***

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)¹¹. *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)

¹¹ If “bank reconciliations” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020***

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.

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

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 cards¹². 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:

¹² Including credit cards used by school staff for either school operations or student activity fund operations.

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020***

- 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)¹³. 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 Reimbursements¹⁴ (excluding card transactions)

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

¹³ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

¹⁴ Non-travel reimbursements are not required to be tested under this category.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law¹⁵ (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

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.

¹⁵ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020***

- 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' cumulative 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.

Ethics¹⁶

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above¹⁷, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service¹⁸

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

¹⁶ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹⁷ If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

¹⁸ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises¹⁹ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.²⁰

¹⁹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

²⁰ This notice is available for download or print at www.lia.la.gov/hotline.

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

Instructions

Introduction and General Comments

The Louisiana Legislative Auditor (LLA) has prescribed statewide agreed-upon procedures (AUPs) below, which are intended to represent a minimum level of additional work to be performed at those local entities (local governments and quasi-public organizations, including nonprofits) that meet the legal requirement to have an audit under the Audit Law (i.e., public funds totaling \$500,000 or more in revenues and other sources). **This Year 3 update to the AUPs will be effective for those entities that have fiscal years ending June 30, 2019 through May 31, 2020. Any entity with a fiscal year ending prior to June 30, 2019, has the option of using these updated procedures rather than the Year 2 procedures.**

What’s New? For Year 3, the LLA has added Disaster Recover/Business Continuity to the Written Policies and Procedures category. We have also incorporated recent FAQs into the Instructions and footnotes for clarity.

The AUPs are not intended to address all areas of risk within an entity. Instead, they are designed to address those areas that have resulted in the most frequent incidents of fraud, waste, or abuse of public funds. For Year 3, the LLA has incorporated relevant Frequently Asked Questions and made changes to testing methodologies based on feedback from practitioners. The LLA has also modified procedures and criteria for clarity and efficiency.

The AUPs are to be performed under the AICPA attest standards (Statements on Standards for Attestation Engagements) and *Government Auditing Standards*, and the AUP report must be attached with the audit report that is submitted to the Legislative Auditor’s office (i.e. one Adobe pdf file submitted to the LLA rather than two). The AUPs are required to be performed by the same firm that performs the annual audit; accordingly, a separate “engagement approval form” for the statewide AUP engagement is not required. The LLA is considered to be a specified party to the AUP engagements and accepts the sufficiency of AUP procedures by our acceptance of the standard (audit) engagement approval forms.

All exceptions are to be included in the AUP report with management’s responses/corrective actions. To avoid potential conflicts with the attest standards, we recommend that management prepare a single overall response to the AUP report. If management chooses not to respond to the AUP exceptions at all, the practitioner must include a statement that “management declined to respond to the exceptions or provide a plan of corrective action.” If no exceptions are noted

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

when performing a procedure, “no exceptions were found as a result of this procedure” is an acceptable result in the AUP report.

Please note that the results of the AUPs do not change the practitioner’s separate responsibility to report significant deficiencies, material weaknesses, material noncompliance, etc., as part of the regular audit engagement. However, the practitioner should not include the AUP exceptions or internal auditor’s exceptions (or a reference to the exceptions) in the audit report’s schedule of findings, unless an AUP or internal audit exception rises to the level of a significant deficiency or material weakness and is included as a finding for purposes of the audit. Similarly, AUP exceptions should not be copied and pasted as findings in the LLA report submission portal unless they are addressed as findings in the audit report.

Under the attest standards, practitioners are also allowed to report “knowledge of matters outside agreed-upon procedures” within the AUP report if they discover a control deficiency or noncompliance that does not meet the definition of an exception under the AUPs. While the reporting of these matters with the AUP report is at the practitioner’s discretion, the practitioner still has an obligation to consider the associated risk/noncompliance as part of his or her audit.

If the practitioner has gained “knowledge of matters outside agreed-upon procedures” related to fraud, theft, or the pledge/loan/donation of public funds (LA Const. Art. 7, Section 14¹), and the practitioner does not include these matters in either the AUP report or in the audit report, the practitioner **MUST** contact the LLA to discuss before submitting the reports.

Applicability of AUPs

Those local entities that do not meet the legal requirement to have an audit under the Audit Law (i.e., public funds totaling less than \$500,000 in revenues and other sources) are exempt from performing these AUPs. If an entity elects to have an audit but is not required to have an audit under the Audit Law, the entity would be exempt from performing these AUPs.

For purposes of the Audit Law, public funds are generally defined as follows:

- For governmental entities, including non-profits created by a governmental entity to perform the same activities as the governmental entity, **all** revenues and other sources are considered to be public funds.
- For non-profit entities, any funds received from state or local governments, including grants, loans, transfers of property, awards, direct appropriations, and pass-through

¹ Article 7, Section 14 of the Louisiana Constitution prohibits the loan, pledge, or donation of funds, credit, property, or things of value (e.g. cash advances or non-business purchases, regardless of whether they were reimbursed)

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

federal funds are considered to be public funds. Public funds also include direct federal funds unless the non-profit receives only federal direct funds (i.e. even \$1 of other public funds requires the non-profit to treat federal direct funds as public funds for purposes of the Audit Law). Please note that Medicare and Medicaid funds are considered to be contract/vendor payments and are not considered public funds for non-profits.

If either a governmental or non-profit entity has met the Audit Law threshold, and all or part of the entity's public funds are federal major program funds (either direct or pass-through) tested under the entity's Single Audit during the fiscal period, the entity may exclude those AUP categories that are covered under federal program testing, regardless of whether the federal program testing includes the same procedures or sample sizes. For example, a non-profit entity that has one federal program subject to Single Audit testing may exclude credit cards, travel expenditures, non-payroll disbursements, contracts, and payroll and personnel if these areas are subject to testing under Allowable Costs and Procurement in the OMB Compliance Supplement; however, the entity would still be subject to other AUP areas that are not addressed in the OMB Compliance Supplement (c.g. board or finance committee, bank reconciliations). However, an entity that has other public funds not subject to testing under the Single Audit must still test those funds under the statewide AUPs. In that situation, we recommend selecting sample sizes for the applicable AUP categories from the overall population of transactions and then removing those sample items that fall within Single Audit testing. Alternatively, the practitioner could apply a pro-rata ratio to the statewide AUP sample sizes to accomplish the same goal.

State entities whose financial information is included in the Comprehensive Annual Financial Report of the State of Louisiana, or local entities subject to Act 774 of 2014 (i.e., St. Tammany Parish), are exempt from the AUPs below. Private and parochial schools, as well university foundations, facility corporations, and booster associations, are specifically excluded by law from having to provide audit reports to the LLA and are exempt from the AUPs. Real estate for-profit limited partnership entities have been exempted from the AUPs based on the nature of their operations.

The scope of the AUPs applies to the primary reporting entity and is not required to be extended to discretely presented component units of the entity; however, entities that are discrete component units of a larger government, and separately report to the LLA, are individually subject to the AUPs. Discrete component units that separately report to the LLA but have portions of their operations performed by the primary government (e.g. payroll processing) are exempt from those portions of the AUPs relating to the operations performed by the primary government; instead, AUPs performed at the primary government should address those areas (e.g. payroll processing) because the controls exist at the primary government.

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

Fiduciary funds should be included within the scope of the AUPs, including agency funds administered by sheriffs or other tax collectors.

For quasi-public organizations, including non-profits, only those AUP areas applicable to public funds administered by the quasi-public organization are required to be included within the scope of the AUP engagement.

School student activity fund accounts may be excluded from testing under the AUPs if they are otherwise addressed in a separately contracted audit or agreed-upon procedures engagement (does not have to include the same procedures as in the statewide agreed-upon procedures). In this situation, the audit or agreed-upon procedures report is already required to be submitted to the LLA as separate engagement and does not need to be attached in the pdf file with the practitioner's audit/AUP report.

Please note that the statewide AUPs included in this document only apply to local governments and quasi-public entities that meet the requirement to have an audit under the Audit Law. The LLA also has 4 other types of agreed-upon procedures engagements that should not be confused with the statewide AUPs, as follows:

- State entity (not “statewide”) agreed-upon procedures are required for certain engagements for entities that are included in the state’s CAFR. These engagements are contracted directly by the LLA’s Financial Audit Services group and do not apply to local governments or quasi-public entities.
- Review/Attest engagements include agreed-upon procedures for local governments and quasi-public entities that differ from the statewide AUPs and only apply to those entities that receive public funds between \$200,000 and \$500,000.
- Act 774 AUPs only apply to local governments and quasi-public entities in St. Tammany Parish that receive public funds of \$75,000 or greater. These agreed-upon procedures are customized by the LLA for each engagement.
- Department of Education Performance Measures AUPs are required for school boards and charter schools.

More than one set of agreed-upon procedures may be required, depending on whether each criteria above has been met. For example, an entity in St. Tammany Parish, with public funds between \$200,000 and \$500,000 would be subject to both the Review/Attest AUPs, as well as the Act 774 AUPs. Similarly, a parish school board with public funds of \$500,000 or greater would be subject to both the statewide AUPs and the Department of Education Performance Measures AUPs.

Rotation of Procedures

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3. For example, an entity that had exceptions in 6 categories in Year 1 was required to test those 6 categories again in Year 2. If that same entity still had exceptions in 4 categories tested in Year 2, then the entity would be required to test those 4 categories in Year 3.

This exclusion only applies at the AUP category-level, so if even a single exception to a procedure within a category was noted during the prior year testing, all procedures within the category must be performed again for Year 3. Also, if the entity changed auditors between years, the new practitioner is not required to test those categories that were identified by the prior practitioner as having no exceptions.

If a category was not applicable in Year 1 or Year 2, but is applicable in Year 3 (e.g., entity did not have debt in Year 1 or Year 2 but issued debt in Year 3), then the practitioner must test the category in Year 3.

Please note that the LLA has added a new “disaster recovery/business continuity” procedure under the Written Policies and Procedures category. At a minimum, all practitioners that perform AUPs at an entity for Year 3 must include a Written Policies and Procedures category with the disaster recovery/business continuity procedure, even if the category would have otherwise been rotated off in Year 3. This new requirement only applies to those entities that are subject to AUP testing in Year 3 (i.e., if the entity does not have an AUP reporting requirement to the LLA for Year 3, it is not subject to the disaster recovery/business procedure for Year 3).

The attestation standards for agreed-upon procedures engagements require that the practitioner report exceptions to procedures even when there are compensating controls; however, the LLA does not want to penalize entities for exceptions that do not directly correspond to control risks. Accordingly, if the entity had exceptions within an AUP category in Year 1 or Year 2, based strictly on the wording of the procedure, but the practitioner believes that compensating controls **fully** mitigated the underlying control risk, the entity may exclude that AUP category from testing in Year 3 (the practitioner should maintain documentation of compensating controls in the engagement workpapers).

If the practitioner’s removal of an AUP category impacts another AUP category that is linked to it, the practitioner may modify the procedure(s)/scope to address the discrepancy. For example, if a payroll sample is used for ethics testing and payroll has been rotated off in Year 3, the payroll sample selection procedure must be included under the ethics category.

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

For those categories that are not applicable or that are rotated off in Year 3, the practitioner may either (1) exclude the AUP categories from the AUP report, or (2) include the categories and procedures in the AUP report and label the results as “not applicable.” Under either option, the practitioner may need to update the AUP engagement agreement to ensure that the original procedures “agreed-upon” with the client match the final procedures performed and reported upon (i.e., ensuring compliance with AT standards).

If no exceptions were noted in any categories tested during Year 1 or Year 2 (or the entity had compensating controls that fully mitigated the underlying control risks), the statewide AUPs are not required for Year 3. For example, an entity that had exceptions in 6 categories in Year 1 was required to test those 6 categories again in Year 2. If that same entity had no exceptions in the 6 categories tested in Year 2, then the statewide AUPs would not be required for Year 3. If the statewide AUPs are not required for Year 3, the practitioner is not required to test the new Disaster Recovery/Business Continuity procedure under the Written Policies and Procedures category in Year 3. When submitting the audit report packet to the LLA, the practitioner should check the button in the LLA report portal indicating that statewide AUPs were not required.

Options and Alternatives

The practitioner may avoid duplication of existing audit procedures by using the same transactions for both audit and AUP purposes. For example, if the AUPs indicate that 10 random transactions should be selected and the practitioner would otherwise plan to test 25 random transactions as part of the entity’s audit, the practitioner may use the same 10 transactions for both the audit and the AUP engagement.

If the entity employs one or more internal auditors; the practitioner documents reliance upon the internal audit function as part of the entity’s audit; and the internal auditor performs one or more of the specific procedures identified for the same fiscal period (internal auditor is not required to perform procedures under the attest standards); the practitioner does not have to include those specific procedures as part of the scope of the AUP engagement or include in the AUP report. In that situation, the practitioner should perform the remaining AUPs under the attest standards and document in the AUP report, but should not include or reference the internal auditor’s report(s) in the practitioner’s AUP report. The practitioner must include a copy (or copies if the internal auditor has multiple reports that address AUP procedures) of the internal auditor’s procedures performed and exceptions noted when submitting the audit report and AUP report to the LLA. In this situation, all three reports should be submitted to the LLA as one Adobe pdf file, and all three reports will be issued by the LLA as public documents.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020

To avoid creating an undue burden on practitioners, the AUPs may be performed for a 12-month “fiscal period” that does not coincide with the entity’s “fiscal year”, as long as the 12-month fiscal period is no more than 3 months prior to the end of the entity’s fiscal year. For example, the practitioner may perform AUPs for the fiscal period April 1, 2018 through March 31, 2019 for an entity with a fiscal year ending June 30, 2019. All AUPs will reference “fiscal period” to mean the 12-months covered by the AUPs. If the entity elects to change its “fiscal period,” the subsequent year of AUP testing must not leave a gap between fiscal periods. For example, a change from a March 31 fiscal period end to a June 30 fiscal period end would require a 15-month AUP engagement in the year of change.

For nonprofit entities, only those AUPs relevant to public monies are required to be included in the scope of the AUP engagement. For example, if a nonprofit receives \$10 million in non-public funds and also receives \$500,000 in public funds, only the \$500,000 would be subject to the AUPs if the funds are not otherwise commingled. In this example, if the nonprofit did not use any of the \$500,000 in public funds for payroll or travel expenses, the portions of the AUPs relating to these areas are not required to be included in the scope of the AUP engagement or report.

If the practitioner believes that the AUPs collectively can not be performed based on the nature of the entity’s operations, please contact the LLA to request an exemption to the AUPs. If a specific procedure can not be performed based on the nature of the entity’s operations, an equivalent procedure may be substituted (e.g., alternate sampling population, alternate method of compiling documentation) at the practitioner’s discretion. Please note that the substitute procedure would need to be included in the AUP report in place of the original procedure, and this change in procedures may require the practitioner to update his or her client engagement agreement accordingly.

For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited. The practitioner is only required to test documentation at the secretary/bookkeeper level and is not required to test for completeness of revenues relative to classroom collections by teachers.²

² This exclusion would also apply to procedure #7a below

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

Procedures

Report all exceptions to the following procedures, either after each procedure or after all procedures within each of the twelve AUP categories. “Random” selections may be made using Microsoft Excel’s random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide - *Audit Sampling*).

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):³
 - 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,

³ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization’s operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020

- (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*⁴, 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.
 - 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.

*Board or Finance Committee*⁵

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.⁶ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes*

⁴ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

⁵ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

⁶ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020

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

- 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 accounts⁷ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding EFTs)⁸

- 4. Obtain a listing of deposit sites⁹ 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 locations¹⁰ 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

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity’s daily business operations.

⁸ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁰ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020

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)¹¹. *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)

¹¹ If “bank reconciliations” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

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

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 cards¹². 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

¹² Including credit cards used by school staff for either school operations or student activity fund operations.

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

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)¹³. 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 Reimbursements¹⁴ (excluding card transactions)

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

¹³ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

¹⁴ Non-travel reimbursements are not required to be tested under this category.

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

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

- 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 Law¹⁵ (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

- 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.)

¹⁵ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code "

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

- 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*¹⁶

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above¹⁷, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Debt Service*¹⁸

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree

¹⁶ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹⁷ If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

¹⁸ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
Year 3 – Fiscal Years Ending 6/30/2019 through 5/31/2020*

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).

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises¹⁹ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.²⁰

¹⁹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs

²⁰ This notice is available for download or print at www.la.la.gov/hotline