

SOUTHEAST COMMUNITY SERVICES, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

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SOUTHEAST COMMUNITY SERVICES, INC.
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SEPTEMBER 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Southeast Community Services, Inc.
PO Box 196
Tickfaw, LA 70466

Report on the Financial Statements

I have audited the accompanying financial statements of Southeast Community Services, Inc., (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeast Community Services, Inc., as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standard*

In accordance with *Government Auditing Standards*, we have also issued my report dated January 13, 2018, on my consideration of Southeast Community Services, Inc.'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 Southeast Community Services, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Minda Rayburn".

Franklinton, LA
February 11, 2018

FINANCIAL STATEMENTS

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017

ASSETS	<u>Administrative</u>	<u>General</u>	<u>Total</u>
Current Assets			
Cash and cash equivalents	\$ 36,903	\$ 75,712	\$ 112,615
Due from Department of Education	284,572	-	284,572
Other Receivable	32	-	32
Due from Administrative Fund	2,539	-	2,539
Total Current Assets	<u>324,046</u>	<u>75,712</u>	<u>399,759</u>
Capital Assets			
Building	-	48,593	48,593
Office Equipment	-	19,441	19,441
Accumulated Depreciation	-	(18,520)	(18,520)
Net Capital Assets	<u>-</u>	<u>49,514</u>	<u>49,514</u>
TOTAL ASSETS	<u>324,046</u>	<u>125,226</u>	<u>449,272</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	1,284	-	1,284
Due to providers	275,458	-	275,458
Withholding taxes payable	3,166	-	3,166
Accrued salaries payable	16,144	-	16,144
Due to General Fund	2,539	-	2,539
Total Current Liabilities/Total Liabilities	<u>298,591</u>	<u>-</u>	<u>298,591</u>
Net Assets (Deficit)			
Unrestricted	<u>25,455</u>	<u>125,226</u>	<u>150,681</u>
Total Net Assets (Deficit)	<u>25,455</u>	<u>125,226</u>	<u>150,681</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 324,046</u>	<u>\$ 125,226</u>	<u>\$ 449,272</u>

See accompanying independent auditor's report and notes to the financial statements.

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

UNRESTRICTED NET ASSETS	<u>Administrative</u>	<u>General</u>	<u>Total</u>
SUPPORT AND OTHER GAINS			
Administrative reimbursement	\$ 295,338	\$ -	\$ 295,338
Contributions	-	76,703	76,703
Fundraising and other contributions	-	23,926	23,926
Total support and other gains	<u>295,338</u>	<u>100,629</u>	<u>395,967</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payments	<u>1,591,244</u>	<u>-</u>	<u>1,591,244</u>
total support, other gains, and reclassifications	<u>1,886,582</u>	<u>100,629</u>	<u>1,987,211</u>
EXPENSES			
Program services	1,597,237	-	1,597,237
Supporting services	<u>287,918</u>	<u>110,096</u>	<u>398,013</u>
Total expenses	<u>1,885,154</u>	<u>110,096</u>	<u>1,995,250</u>
Increase (decrease) in unrestricted net assets	<u>1,428</u>	<u>(9,466)</u>	<u>(8,039)</u>
TEMPORARILY RESTRICTED NET ASSETS			
Support from meal reimbursements			-
Net assets released from restrictions:	1,591,244	-	1,591,244
Restrictions satisfied by payments	<u>(1,591,244)</u>	<u>-</u>	<u>(1,591,244)</u>
Increase in temporarily restricted net assets	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	1,428	(9,466)	(8,039)
NET ASSETS (DEFICIT), BEGINNING	<u>24,027</u>	<u>134,692</u>	<u>158,720</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 25,455</u>	<u>\$ 125,226</u>	<u>\$ 150,681</u>

See accompanying independent auditor's report and notes to the financial statements.

SOUTHEAST COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from administrative reimbursements	\$ 1,591,988
Cash received from program reimbursements	295,338
Cash received from contributions	76,703
Cash received from fundraising efforts & other	23,926
Cash paid for program expenses	(1,427,516)
Cash paid to or on behalf of employees for services	(255,021)
Cash paid to suppliers for goods and services	(317,808)
Net cash used for operating services	<u>(12,390)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of capital assets	<u>(570)</u>
Net cash used for investing activities	<u>(570)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>-</u>
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(12,960)
CASH AND CASH EQUIVALENTS, BEGINNING	125,576
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 112,616</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO	
NET CASH USED FOR OPERATING ACTIVITIES	\$ (8,039)
Adjustments to reconcile change in net assets to net	
cash used for operating activities	
Depreciation	3,788
(Increase) decrease in assets:	
Due from Department of Education	(169,721)
Increase (decrease) in liabilities:	
Accounts payable	(35)
Due to providers	161,729
Withholding taxes payable	7
Accrued salaries payable	(120)
NET CASH PROVIDED (USED) FOR OPEARATING ACTIVITIES	<u>\$ (12,390)</u>

See accompanying independent auditor's report and notes to the financial statements.

SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

<u>ACCOUNT</u>	<u>PROGRAM</u>	<u>SUPPORTING</u>	<u>GENERAL</u>	<u>GAMING</u>
Accounting	\$ -	\$ 5,280	\$ -	\$ 1,550
Auditor	-	3,010	-	-
IT Contract	-	100	800	176
License and tax renewal	-	-	-	200
Depreciation	-	2,573	1,215	-
Property insurance	-	-	-	1,246
Fundraiser expense	-	-	-	35,764
Bank service charges	-	601	12	70
Books, subscriptions, reference	-	-	15	159
Minute Menu	5,993	-	-	-
Contract labor	-	-	500	-
Copier lease	-	354	-	-
Donations	-	-	738	3,282
Dues and subscriptions	-	145	30	-
Inspection fees	-	533	-	-
Provider payments/support	1,591,244	-	-	-
Insurance-liability	-	836	-	-
Janitorial	-	435	-	-
Lawn care maintenance	-	1,487	130	-
Office improvements	-	709	-	-
Office Lease	-	3,600	-	33,995
Office Supplies	-	2,599	122	10
Postage meter	-	1,299	-	-
Postage, mailing service	-	3,005	-	-
Printing and copying	-	652	-	133
Property taxes	-	30	-	-
Repairs and maintenance	-	1,076	3,600	4,234
Storage rental	-	-	720	-
Supplies	-	281	-	1,152
Telephone	-	5,142	99	-
Utilities	-	1,853	-	-
Advertising	-	666	-	-
Sponsor	-	150	-	-
Health insurance	-	25,163	-	-
Insurance-worker's compensation	-	991	-	-
Payroll	-	196,827	-	15,585
Payroll taxes	-	16,027	-	1,419
Provider underpayments	-	-	15	-
Uniforms	-	352	246	-
Provider training	-	1,169	-	-
Staff training	-	289	-	-
Taxes	-	-	-	2,880
Travel and meetings	-	10,685	-	-
				-
TOTAL FUNCTIONAL EXPENSES	\$ 1,597,237	\$ 287,918	\$ 8,241	\$101,855

See accompanying independent auditor's report and notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Family Day Care Home Program of Southeast Community Services, Inc. (hereafter referred to as the Organization) was established to provide supervised provisions of meals. It serves an average of 290 homes per month to primarily low-income, disabled, elderly or other disadvantaged residents of Livingston and surrounding parishes. It engages in the U. S. Department of Agriculture Food and Nutrition Services under 7 CFR Part 226.

It operates on a fiscal year ending on September 30th and its significant accounting policies are as follows:

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and demand deposits. For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Receivables

Accounts receivable are stated at net realizable value. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers/vendors to make required payments. Because the collection is expected at 100%, an allowance for doubtful accounts has not been recorded.

Inventory

Inventory is stated at cost. It includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost. They are depreciated using the straight-line method over the estimated useful lives of the assets. Equipment with an original cost of \$5,000 or greater is generally capitalized. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Support and Expenses

The Organization reports administrative and program reimbursements on the accrual basis of accounting. The amounts due to providers are also reported on the accrual basis of accounting. A donor restriction applies to the program reimbursement, and the amount is shown as temporarily restricted net assets. When the donor restriction expires, that is, when the stipulated restriction ends by payments to the providers, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted reimbursements whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. Advertising costs are expensed as incurred. There was \$246.20 in advertising expenses paid during the year.

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 could differ from those estimates.

Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117 " *Financial Statement of Not-For-Profit Organization.*" Under SFAS No. 117, the Organization is required to report information regarding its net assets and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The federal income tax returns of the company for fiscal years 2014, 2015, 2016 and 2017 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Demand deposits	\$ 112,616
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SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Of this amount, \$36,903 is maintained in the administrative and provider accounts to be utilized for the family day care home program. The remaining funds of \$39,736 are held by the General Fund and can be utilized at the discretion of management. There is \$35,976 maintained in a separate account in accordance with rules and regulations applicable to charitable gaming.

NOTE 3 - RECEIVABLES

Receivables are stated at the amount the Organization expects to collect. Management considers all receivables to be collectible at September 30, 2017.

Receivables at year-end consist of the following:

Due from Department of Education \$ 284,572

NOTE 4 - CAPITAL ASSETS

Through its general fund, the Organization purchased and began renovations on a commercial building to be utilized as office space. Renovations were completed and the Organization moved its corporate office during the latter part of the current year.

	Beginnng Balance	Additions	Retirements	Ending Balance
Capital assets being depreciation				
Building and equipment	67,463	570		68,034
Less accumulated depreciation	(14,732)	(3,788)		(18,520)
Furniture/equipment, net	52,731	(3,218)	-	49,514

NOTE 5 - ACCOUNTS AND OTHER PAYABLES

Payables at year-end include the following:

Accounts payable	1,284
Payables to providers	275,458
Withholding taxes payable	3,166
Accrued salaries	16,144
Total	296,052

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 - RESTRICTIONS ON NET ASSETS

Substantially all of the restrictions on net assets relate to amounts requested from the State of Louisiana, Department of Education for reimbursement to the providers of meals through the Family Day Care Home Program of the U.S. Department of Agriculture Food and Nutrition Services under 7 CFR Part 226. The amount due to providers requested but not yet received at year end has been accrued in the accompanying financial statements and is listed in the note above.

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose during the year as follows:

Purpose restriction accomplished:	
Meals provided	\$1,591,244

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and supporting services have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated between the program and support services.

NOTE 9-CHARITABLE GAMING

The Organization participates in the State's charitable gaming program. As required by applicable regulations, the funds generated are separately reported and maintained. Other than those related to the conduct of the gaming sessions, expenditures are restricted for the benefit of the Organization's charitable programs.

NOTE 10 - CONCENTRATIONS

Cash and Cash Equivalents. Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2017, the Organization did not have bank balances in excess of FDIC insured limits.

Receivables and Revenues. All receivables recorded are due from the Louisiana Department of Education, Division of Nutrition Assistance. Approximately 99% of the Organization's support is paid by the Department of Education, State of Louisiana through the U.S. Department of Agriculture Food and Nutrition Services, Family Day Care Home Program, under 7 CFR Part 226.

NOTE 11 - LITIGATION

There is no pending or threatened litigation, claims or assessments that are required to be accrued or disclosed in this financial report.

SOUTHEAST COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12- RESTATEMENT OF PRIOR YEAR NET ASSETS AND PRIOR PERIOD ADJUSTMENTS

The Organization's prior period adjustments were comprised of the following:

	<u>Administrative</u>	<u>General</u>	<u>Total</u>
Beginng Balance, Net Assets	23,077	118,174	141,251
Due to Bingo fund	32		32
Transfer between funds	918	(918)	-
Difference in Buildings		31,089	31,089
Difference in Equipment		(52,556)	(52,556)
Difference in Accumulated Depreciation		720	720
Difference in Accouts Payable		(1,318)	(1,318)
Difference in Payroll Liabilities		(3,159)	(3,159)
Difference in Accrued Salaries Payable		197	197
Gaming Bank Account not on previous audit report		42,464	42,464
Total Prior Period Adjustments	<u>950</u>	<u>16,519</u>	<u>17,469</u>
Ending Balance, Net Assets	<u>24,027</u>	<u>134,692</u>	<u>158,720</u>

NOTE 13- SUBSEQUENT EVENTS

There were no subsequent events between the close of the fiscal year and February 11, 2018, the date on which the financial statements were available to be issued, that would materially impact the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTHEAST COMMUNITY SERVICES, NC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED SEPTEMBER 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Major Programs		
US Department of Agriculture		
Food and Nutrition Services		
Child and Adult Day Care Food Program	10.558	
 Family Day Care Home Program		
Pass Through		
State of Louisiana, Department of Education		
Division of Nutrition		
	Program services: meals/snacks	1,597,237
	Supporting services	<u>287,918</u>
	Total federal award expenditures	<u>\$1,885,154</u>

**Notes to Schedule of Expenditures of Federal Awards
 Year ended September 30, 2017**

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the basic financial statements.

Indirect Cost Rate

Southeast Community Services, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Sub-recipients

There was no awards passed through to sub-receipients.

See Independent Auditor's Report.

**SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED SEPTEMBER 30,2017**

AGENCY HEAD:

Clara Sharkey
Executive Director

Purpose

Salary	74,256
Benefits-FICA	5,681
Benefits-insurance	18,622
Travel-monitorng visits	<u>333</u>
Total	<u><u>98,891</u></u>

See Independent Auditor's Report

SUPPLEMENTARY INFORMATION

Minda B. Raybourn

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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 Trustees of
Southeast Community Services, Inc.

PO Box 196

Tickfaw, LA 70466

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 Southeast Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 11, 2018.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Southeast Community Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Community Services, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Southeast Community Services, Inc.'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Minda Raybourn CPA

Franklinton, LA

February 11, 2018

Minda B. Raybourn

Certified Public Accountant

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

To the Board of Trustees of
Southeast Community Services, Inc.

Report on Compliance for Each Major Federal Program

I have audited Southeast Community Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeast Community Services, Inc.'s major federal programs for the year ended September 30, 2017. Southeast Community Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Southeast Community Services, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

(Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southeast Community Services, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, Southeast Community Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year.

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Minda Raybourn". The signature is written in dark ink on a light-colored background.

Minda Raybourn, CPA

Franklinton, LA

February 11, 2018

**MINDA RAYBOURN CPA LLC
820 11TH AVE
FRANKLINTON, LA 70438**

INDEPENDENT AUDITOR'S REPORT ON CLAIMS FOR REIMBURSEMENT

To the Board of Trustees of
Southeast Community Services, Inc.

I have examined the accompanying claims for reimbursements (Audited Statements of Claims attached) submitted by the Family Day Care Home Program of Southeast Community Services, Inc. under the FDCH program. My examination was made in accordance with auditing standards established by the American Institute of Certified Public Accountants and with generally accepted government auditing standards established by the Comptroller General of the United States and included tests of programs and accounting records prescribed by the USDAOIG guide for audits of this program. In my opinion, the aforementioned claims present fairly the number of meals or supplements eligible for reimbursement for the period October 1, 2016 through September 30, 2017.



Minda Raybourn, CPA
Franklinton, LA
February 11, 2018

SOUTHEAST COMMUNITY SERVICES, INC.
AUDITED STATEMENT OF CLAIMS
YEAR ENDED SEPTEMBER 30, 2017

REIMBURSEMENT PER AUDIT

Administrative	295,338
Program-meals	<u>1,591,244</u>
Total reimbursement per audit	<u><u>1,886,582</u></u>

REIMBURSEMENTS CLAIMED AND RECEIVED

Administrative	295,338
Program-meals	<u>1,591,244</u>
Total reimbursement claims and received	<u><u>1,886,582</u></u>

(OVER) UNDER CLAIM -

See independent auditor's report.

SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF MEALS SERVED AND PROGRAM REIMBURSEMENTS
YEAR ENDED SEPTEMBER 30, 2017

MEALS SERVED	NUMBER SERVED BY MEAL TYPE				
	BREAKFAST	LUNCH	SUPPLEMENTS	SUPPER	TOTAL
From October 1, 2016 through June 30, 2017					
Tier 1	80,900	106,813	256,741	246,542	690,996
Reimbursement rate	1.31	2.46	0.73	2.46	
Total for period	105,979	262,760	187,421	606,493	1,162,653
From July 1, 2017 through September 30, 2017					
Tier 1	27,798	44,930	90,937	87,808	251,473
Reimbursement rate	1.31	2.46	0.73	2.46	
Total for period	36,415	110,528	66,384	216,008	429,335
TOTAL MEALS SERVED	108,698	151,743	347,678	334,350	942,469
NET REIMBURSEMENT	142,394	373,288	253,805	822,501	1,591,988

See independent auditor's report.

**SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Healthy Start, Inc. were prepared in accordance with generally accepted accounting principles.
2. No material weaknesses or significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Southeast Community Services, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the United States Department of Agriculture Child and Adult Care Food Program (CACFP) expresses an unmodified opinion.
6. The program tested as a major program was the United States Department of Agriculture Child and Adult Care Food Program (CACFP) (CFDA 10.558).
7. The threshold for the distinguishing Types A and B programs are as follows:

Type A- \$750,000 or more of federal awards expended
Type B- Any program that does not meet the threshold of Type A programs.
8. For the period ending September 30, 2017, Southeast Community Services, Inc. was determined to be a low-risk auditee.

FINDINGS-FINANCIAL STATEMENTS

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM

None

MANAGEMENT LETTER

None

**SOUTHEAST COMMUNITY SERVICES, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

FINDINGS-FINANCIAL STATEMENTS

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM

None

MANAGEMENT LETTER

None

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

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wrcpa@franklinton.net

Member
AICPA

Member
LCPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Southeast Community Services, Inc.
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Southeast Community Services, Inc.(Entity) 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 October 1, 2016 through September 30, 2017. 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, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
There were no exceptions in applying this procedure.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase

orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The entity's policies does not address how vendors are added to the vendor list or the documentation required to be maintained for all bids and price quotes. The entity does not use purchase requisitions or purchase orders.

Management Response: The accountant maintains the general ledger in Quickbooks and is the final step in adding the vendors to the accounting system. The Executive Director has final approval on all purchases. The entity will review procedures to ensure documentation is maintained for bids and price quotes.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

The entity does not have written policies or procedures for contracting.

Management response: We will integrate written policies and procedures in the financial management policies regarding contracting.

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

There were no exceptions in applying this procedure.

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

The policy does not address dollar thresholds by category or expense.

Management response: We will review procedures to integrate dollar thresholds in the policies.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

This is not applicable.

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

This is not applicable.

Board (or Finance Committee, if applicable)

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

I obtained the board minutes for the fiscal period of October 1, 2016 through September 30, 2017. The board meets quarterly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity’s prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The board minutes referenced financial statements. It did not reference budget to actual comparisons.

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

The minutes referenced non-budgetary financial information for each quarterly meeting.

Bank Reconciliations

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

A listing of bank accounts and management’s representation were obtained.

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

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for all accounts.

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

I did not see evidence that a member of management or board member reviewed the bank reconciliations.

Management response: We will have the executive director or a member of the board sign the reconciliations.

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

There were no exceptions in applying this procedure.

Collections

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

A listing of collections locations and management's representation were obtained. The entity has one location.

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

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

The employees are not bonded. The person responsible for depositing the cash in the bank is different than the person collecting cash. The entity uses an outside accountant for recording the transaction and reconciling the bank account.

Management response: We collect hardly any cash. All deposits for grants are electronically deposited. Collections for fire marshal fees are paid with a check or money order, rarely cash. We do not feel that bonding the employee is necessary.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by

revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

There were no exceptions in applying this procedure.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

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

A listing of disbursements and management's representation that the general ledger population is complete were obtained.

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

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

The entity does not use a requisition/purchase order system.

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

The entity does not use a requisition/purchase order system. The executive director approves all purchases.

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

The entity does not use a requisition/purchase order system.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

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

A listing of credit cards and management's representation were obtained. The entity has two credit cards and does not use debit cards, fuel cards, or P-cards.

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

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

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement

policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

Travel and Expense Reimbursement

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

A listing of travel and related expense reimbursements and management's representation that the general ledger population is complete were obtained.

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

There were no exceptions in applying this procedure.

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

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

There were no exceptions in applying this procedure.

b) Report whether each expense is supported by:

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

Contracts

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

A listing of all contracts in effect and management's representation that the general ledger population is complete were obtained.

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

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

There were no exceptions in applying this procedure

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
There were no exceptions in applying this procedure
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
There were no exceptions in applying this procedure.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
There were no exceptions in applying this procedure.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
There were no exceptions in applying this procedure.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).
Board minutes to do reflect approval. The executive director signs all contracts.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- A listing of employees and management's representation that the list is complete were obtained.*
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
There were no exceptions in applying this procedure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
There were no exceptions in applying this procedure.

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

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

No employees were terminated during the fiscal period.

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

There were no exceptions in applying this procedure.

Ethics (excluding nonprofits)

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

This is not applicable to the entity.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's

actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

This is not applicable to the entity.

Debt Service (excluding nonprofits)

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

This is not applicable to the entity.

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

This is not applicable to the entity.

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

This is not applicable to the entity.

Other

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

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

There were no exceptions in applying this procedure.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I 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.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA
Franklinton, LA

February 12, 2018