

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

BOSSIER CITY, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2023

Marsha O. Millican  
A Professional Accounting Corporation  
Shreveport, Louisiana

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

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# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Louisiana Association on Compulsive Gambling  
Bossier City, Louisiana

### Opinion

I have audited the accompanying financial statements of Louisiana Association on Compulsive Gambling (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Association on Compulsive Gambling as of June 30, 2023, 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.

### Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Louisiana Association on Compulsive Gambling and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Association on Compulsive Gambling's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Louisiana Association on Compulsive Gambling's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Association on Compulsive Gambling's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

#### **Other Supplementary Information**

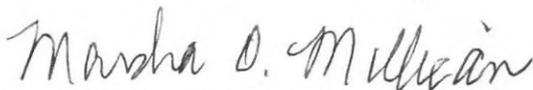
My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Louisiana Association on Compulsive Gambling's basic financial statements. The Schedule of State Contracts and Schedule of Compensation, Reimbursements, Benefits, and other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of American. In my opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 13, 2023 on my consideration of Louisiana Association on Compulsive Gambling's internal control over 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 solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Association on Compulsive Gambling's 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 Louisiana Association on Compulsive Gambling's internal control over financial reporting and compliance.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated December 13, 2023 on the results of my statewide agreed-upon procedures performed in accordance with attestation standards contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Certified Public Accountant  
December 13, 2023

## LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

## Statement of Financial Position

June 30, 2023

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 922,232
Grants and Contracts Receivable	<u>264,149</u>
Total Current Assets	<u>1,186,381</u>
OPERATING LEASE - RIGHT OF USE ASSET	<u>382,344</u>
PROPERTY AND EQUIPMENT	<u>408,870</u>
OTHER ASSETS	
Deposits	<u>6,111</u>
Total Assets	<u><u>\$1,983,706</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	\$ 40,656
Compensated Absences Payable	16,688
Operating Lease Liability	<u>61,408</u>
Total Current Liabilities	<u>118,752</u>
OPERATING LEASE LIABILITY	<u>322,795</u>
Total Liabilities	<u>441,547</u>
Net Assets:	
Without donor restrictions	1,542,159
With donor restrictions	<u>-</u>
Total Net Assets	<u>1,542,159</u>
Total Liabilities and Net Assets	<u><u>\$1,983,706</u></u>

The accompanying notes are an integral part of these statements.

## LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

## Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 65,411	\$ -	\$ 65,411
Total Support	65,411	-	65,411
Revenues:			
Program Service Fees	2,980,875	-	2,980,875
Miscellaneous	27,456	-	27,456
Total Revenues	3,008,331	-	3,008,331
Total Support and Revenue	3,073,742	-	3,073,742
Net Assets Released from Restrictions:			
Satisfaction of Usage Restrictions	-	-	-
Total Support and Revenues	3,073,742	-	3,073,742
EXPENSES			
Program Expenses	2,461,026	-	2,461,026
Management and General	222,532	-	222,532
Total Expenses	2,683,558	-	2,683,558
Change in Net Assets	390,184	-	390,184
Net assets, beginning of year	1,151,975	-	1,151,975
Net assets, end of year	\$ 1,542,159	\$ -	\$ 1,542,159

The accompanying notes are an integral part of this statement.

## LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

## Statement of Functional Expenses

For the Year Ended June 30, 2023

	CORE	Help Line Center	Intensive Outpatient Program	Management and General	Total
Salaries and Benefits	\$ 308,260	\$1,314,286	\$ 105,444	\$ 108,403	\$ 1,836,393
Education and Awareness	602	13,312	-	5,664	19,578
Occupancy	243,714	33,410	17,926	6,508	301,558
Professional Services	30,788	92,099	16,346	7,954	147,187
Printing	924	-	-	-	924
Supplies	41,145	65,263	11,620	9,004	127,032
Information Technologies	7,687	49,404	-	2,654	59,745
Travel	5,196	11,590	-	5,030	21,816
Depreciation	21,217	21,706	1,746	3,502	48,171
Interest	-	-	-	-	-
Other	12,580	30,824	3,937	73,813	121,154
Total Expenditures	<u>\$ 672,113</u>	<u>\$1,631,894</u>	<u>\$ 157,019</u>	<u>\$ 222,532</u>	<u>\$ 2,683,558</u>

The accompanying notes are an integral part of this statement.

## LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

## Statement of Cash Flows

For the Year Ended June 30, 2023

## CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 390,184
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	48,171
Changes in net assets and liabilities:	
Increase in grants and contracts receivable	(10,205)
Increase in accounts payable and accrued expenses	18,279
Increase in compensated absences payable	5,310
Decrease in deferred revenue	<u>(9,419)</u>
Net cash provided by operating activities	<u>442,320</u>

## CASH FLOWS USED BY FINANCING ACTIVITIES

Principal payments on notes payable	-
Purchase of fixed assets	<u>(56,593)</u>
Net cash used by financing activities	<u>(56,593)</u>

Net increase in cash	385,727
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>536,505</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 922,232</u></u>
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The accompanying notes are an integral part of this statement.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Notes to Financial Statements

June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

Louisiana Association on Compulsive Gambling (the Association) is a nonprofit organization under the laws of the State of Louisiana. The purpose of the Association is to provide assistance through treatment and helpline services to individuals and families who may be affected by problem gambling, substance use, or suicide.

B. Basis of Accounting:

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

C. Basis of Presentation:

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Association's management and board of directors.

**Net assets with donor restrictions:** These assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, these net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

D. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Association's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

E. Cash and Cash Equivalents:

For the purpose of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

F. Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to ten years.

G. Contributions:

All contributions received are considered available for use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as donor restricted support that increases net assets with donor restrictions. When a donor restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

H. Estimates:

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

I. Functional expenses:

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and Effort
Education and awareness	Time and Effort
Occupancy	Square Footage
Professional services	Full Time Equivalent
Printing	Full Time Equivalent
Supplies	Time and Effort
Information technologies	Full Time Equivalent
Travel	Time and Effort
Depreciation	Square Footage
Interest	Full Time Equivalent
Other	Time and Effort

J. New accounting pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. The Association has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

2. GRANTS AND CONTRACTS RECEIVABLE:

Grants and contracts receivable are June 30, 2023 are as follows:

Department of Health and Hospitals	\$ 239,039
Other Receivables	<u>25,110</u>
Total receivables	<u>\$ 264,149</u>

3. AVAILABILITY AND LIQUIDITY

The following represents the Association's financial assets at June 30, 2023:

Financial assets at year end:	
Cash and equivalents	\$ 922,232
Grants and contracts receivable	<u>264,149</u>
Total financial assets	\$ 1,186,381
Less amounts not available to be used within one year:	
Net assets with donor restrictions	-
Less net assets with purpose restriction to be met in less than a year	<u>-</u>
	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,186,381</u>

The Association's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in interest-bearing accounts.

4. FIXED ASSETS:

Fixed assets at June 30, 2023 consisted of the following:

Building	\$ 379,290
Leasehold Improvements	209,795
Furniture and Fixtures	207,351
Equipment and Vehicles	<u>376,372</u>
Total Costs	1,172,808
Less Accumulated Depreciation	<u>(763,938)</u>
Property and Equipment - Net	<u>\$ 408,870</u>

Fixed asset additions totaled \$56,593 for the year ended June 30, 2023.

Depreciation expense for the year ended June 30, 2023 totaled \$48,171.

5. NET ASSETS

Net assets with donor restrictions were as follows for the year ended June 30, 2023:

Specific Purpose	<u>\$ -</u>
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Net assets without donor restriction for the year ended June 30, 2023 are as follows:

Undesignated	<u>\$ 1,542,159</u>
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Net assets released from net assets with donor restrictions are as follows:

	<u>2023</u>
Satisfaction of Purpose Restrictions	<u>\$ -</u>

6. DONATED MATERIAL AND SERVICES:

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. No amounts have been reflected in the statements for donated services, inasmuch as no objective basis is available to measure the value of such services; and the donated services do not create a nonfinancial asset.

7. CONCENTRATION OF CREDIT RISKS:

Cash deposits at banks totaled \$921,532 at June 30, 2023. Deposits of \$848,711 were secured by FDIC insurance. Deposits of \$72,821 were unsecured and subject to risk.

8. LINE OF CREDIT:

The Association has an unsecured promissory note to a bank in the amount of \$90,000 dated November 16, 2022 bearing interest at 9.75%, due on August 20, 2021. The balance on this note as of June 30, 2023 was \$-0-. No draws or payments were made on the line of credit for the year ended June 30, 2023.

9. OPERATING LEASE:

The Association adopted FASB ASC 842, *Leases*. Under this statement, a lessee is required to recognize a lease liability and an intangible lease right-of-use asset ("ROU"). The Association has the following lease obligation as of June 30, 2023:

Office space with a present value of \$403,585, an imputed interest rate of 1.66%, included included in 60 monthly payments of \$5,610 beginning March 1, 2023 with no option to purchase the facility at the end of the lease term.

The following schedule summarizes lease information for 2023:

Operating lease expense - \$57,936.

Cash paid for amounts included in the measurement of lease and liabilities for operating leases - \$57,936.

ROU assets obtained in exchange for lease liabilities - \$-0-.

Weighted average remaining terms (in years) - 5.

Weighted average discount rate - 1.66%.

Maturities for the operating lease are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 61,408	\$ 5,912	\$ 67,320
2025	62,435	4,852	67,287
2026	63,480	3,840	67,320
2027	64,542	2,778	67,320
2028	65,621	1,699	67,320
2029 and After	<u>66,717</u>	<u>602</u>	<u>67,319</u>
Total	<u>\$384,203</u>	<u>\$ 19,683</u>	<u>\$403,886</u>

11. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through December 13, 2023, the date the financial statements were available to be issued, and determined no additional disclosures are warranted.

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of State Contracts

For the Year Ended June 30, 2023

<u>Program Title</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
Gambling Outpatient	\$ 2,470	\$ 2,438	\$ 2,438
Education & Public Awareness	93,365	92,199	92,199
Core Treatment Center	561,230	561,230	561,230
Help Line	434,845	434,845	434,845
Substance Use Line	200,000	200,000	200,000
988 Line	1,200,000	1,200,000	1,200,000
Intensive Outpatient Treatment	<u>140,500</u>	<u>140,500</u>	<u>140,500</u>
Totals	<u>\$ 2,632,410</u>	<u>\$ 2,631,212</u>	<u>\$ 2,631,212</u>

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of Compensation, Reimbursements, Benefits, and Other Payments  
to Agency Head

For the Year Ended June 30, 2023

Agency Head: Janet Miller, Executive Director

Salary	\$ 112,674
Payroll Taxes	\$ 8,678
Insurance	\$ 10,395
Retirement	\$ 277
Travel	\$ 2,388

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Corrective Action Taken on Prior Year Findings

For the Year Ended June 30, 2023

There were no findings for the year ended June 30, 2022.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## 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*

Board of Directors  
Louisiana Association on Compulsive Gambling  
Bossier City, 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 Louisiana Association on Compulsive Gambling, as of and for the year ended June 30, 2023, and related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued my report thereon dated December 13, 2023.

### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Louisiana Association on Compulsive Gambling's internal control over financial reporting 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 the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation 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 Association's financial statements will not be prevented, or detected 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Louisiana Association on Compulsive Gambling'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*.

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SHREVEPORT, LA 71104-3036  
(318) 221-3881  
FAX: (318) 221-4641

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Marsha D. Millican".

Certified Public Accountant

December 13, 2023

LOUISIANA ASSOCIATION ON COMPULSIVE GAMBLING

Schedule of Findings

For the Year Ended June 30, 2023

Summary of Audit Results

1. The auditor's report expressed an unqualified opinion on the financial statements.
2. No significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit.

There were no findings for the year ended June 30, 2023.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Board of Directors  
Louisiana Association on Compulsive Gambling  
Shreveport, Louisiana

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPS) for the fiscal period July 1, 2022 through June 30, 2023. Management of Louisiana Association on Compulsive Gambling (the Association) is responsible for those C/C areas identified in the SAUPS.

The Board of Directors of the Association has agreed to and acknowledged that the procedures are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPS for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### 1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - ii. **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 Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - iii. **Disbursements**, including processing, reviewing, and approving.

- iv. **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).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and expense reimbursements**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibition as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology 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 a 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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*Procedure Results - No exceptions were noted.*

## **2) Board or Finance Committee**

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- A. I obtained and inspected 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:
- i. I observed 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.
  - ii. For those entities reporting on the governmental accounting model, I observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to the public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - iii. For governmental entities, I obtained the prior year audit report and observed 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.
  - iv. I observed whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*Procedure Results - No exceptions were noted.*

## **3) Bank Reconciliations**

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- A. I obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. I asked management to identify the entity's main operating account. I selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). I randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected accounts, and observed that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written 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

- iii. 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.

*Procedure Results - No exceptions were noted.*

**(4 Collections (excluding electronic funds transfers))**

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- A. I obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. I selected 1 deposit site (there is only 1).
- B. For each deposit site selected, I obtained a listing of collection locations and management's representation that the listing is complete. I selected one collection location for each deposit site (i.e., 1 collection locations for 1 deposit site), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. 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;
  - iii. Each employee responsible for collecting cash is not also 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; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. I randomly selected two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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.* I obtained supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. 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 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

*Procedure Results - No exceptions were noted.*

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

- A. I obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. I selected 1 location (there is only 1).
- B. For each location selected under procedure #5A above, I obtained a listing of those employees involved with non-payroll purchasing and payment functions. I obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. 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;
  - iv. Either the employees/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; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

- C. For each location selected under procedure #5 above, I obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. I randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and
- i. Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, I randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. [Note: If no electronic payments were made from the main operating account during the month selected, the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

*Procedure Results - No exceptions were noted.*

#### **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

- A. I obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. I obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, I randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. I randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select on monthly bank statement). I obtained supporting documentation, and:
- i. Observe whether 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported]; and
  - ii Observe that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards. I randomly select 10 transactions (or all transactions if less than 10) from each statement and obtained supporting documentation for the transactions (e.g. each card should have 10 transactions subject to inspection). For each transaction, I observed 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Procedure Results - No exceptions were noted.*

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

- A. I obtained 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 and 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:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. 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 Policies and Procedures procedure #1A(vii) and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Procedure Results - No exceptions were noted.*

#### **8) Contracts**

- A. I obtained 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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* I obtained management's representation that the listing is complete. I selected 1 contract (there is only 1) from the listing, excluding the practitioner's contract, and:

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented).
- iv. 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.

*Procedure Results - No exceptions were noted.*

## **9) Payroll and Personnel**

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- A. I obtained a list of employees and officials employed during the fiscal period and management's representation that the listing is complete. I randomly select 5 employees or officials, obtained related salaries and personnel files, and agreed paid salaries to authorized salaries/ pay rates in the personnel files.
- B. I randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, I obtained attendance records and leave documentation for the pay period, and
  - i. Observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observed whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observed that any leave accrued or taken during the pay period is reflected in the entity's accumulative leave records; and
  - iv. Observed that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. I obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments.

Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

- D. I obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed by the required deadlines.

*Procedure Results - No exceptions were noted.*

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the entity has appointed an ethics designee as required by R.S. 42:1170.

*Procedure Results - No exceptions were noted.*

## **11) Debt Service**

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- A. I obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. I obtained 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).

*Procedure Results - No exceptions were noted.*

## 12) Fraud Notice

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- A. I obtained a listing of misappropriation 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 to the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. I observed the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Procedure Results - No exceptions were noted.*

## 13) Information Technology Disaster Recovery/Business Continuity

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- A. Perform the following procedures, **verbally discuss the results with management, and report, "I performed the procedure and discussed the results with management."**
- i. I obtained and inspected the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. I obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. I obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*I performed the procedure and discussed the results with management.*

#### 14) Prevention of Sexual Harassment

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, I obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. I observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. I obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the entity who have completed the training requirements.;
  - ii. Number of sexual harassment complaints received by the entity;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

***Procedure Results - No exceptions were noted.***

I was engaged by the Association to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was not engaged to and did not conduct an examination or review engagement, 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 my attention that would have been reported to you.

I am required to be independent of the Association and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

This report is intended 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.

*Marsha D. Milligan*

Certified Public Accountant  
December 13, 2023