

VERNON COUNCIL ON AGING, INC.
LEESVILLE, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vernon Council on Aging, Inc.
Leesville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Vernon Council on Aging, Inc., (a nonprofit organization) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Vernon Council on Aging, Inc. as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, on pages 26-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vernon Council on Aging, Inc.'s basic financial statements. The schedule of non-major special revenue funds combining statement of revenues and expenditures, comparative schedule of general fund fixed assets and changes in general fixed assets and schedule of compensation, 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.

The schedule of non-major special revenue funds combining statement of revenues and expenditures, comparative schedule of general fund fixed assets and changes in general fixed assets and schedule of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of non-major special revenue funds combining statement of revenues and expenditures, comparative schedule of general fund fixed assets and changes in general fixed assets and schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2017, on our consideration of Vernon Council on Aging, Inc.'s internal control over financial reporting and on our 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 our 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 Vernon Council on Aging, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jermol Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana
October 17, 2017

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2017

| ASSETS | |
|-------------------------------------------------|--------------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 95,074 |
| Receivables | |
| Accounts | 7,666 |
| Hotel/motel tax | 5,843 |
| Total current assets | <u>\$ 108,583</u> |
| Noncurrent Assets | |
| Capital assets not being depreciated | \$ 55,000 |
| Capital assets being depreciated, net | 190,479 |
| Total noncurrent assets | <u>\$ 245,479</u> |
| Total assets | <u>\$ 354,062</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Prepaid accounting fees | <u>\$ 3,000</u> |
| Total assets and deferred outflows of resources | <u><u>\$ 357,062</u></u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable | \$ 18,137 |
| Payroll taxes payable | 3,686 |
| Total current liabilities | <u>\$ 21,823</u> |
| Noncurrent Liabilities | |
| Due within one year | \$ - |
| Due in more than one year | 27,066 |
| Total noncurrent liabilities | <u>\$ 27,066</u> |
| Total liabilities | <u>\$ 48,889</u> |
| NET POSITION | |
| Net investment in capital assets | \$ 245,479 |
| Unrestricted | 62,694 |
| Total net position | <u>\$ 308,173</u> |
| Total liabilities and net position | <u><u>\$ 357,062</u></u> |

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2017

| | Expenses | Program Revenues | | Net (Expenses) |
|-----------------------------------|---------------------|-------------------------|---------------------------------------|--------------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Revenues and Changes in Net Position |
| | | | | Program Services |
| Program Services: | | | | |
| General government | \$ 338,823 | \$ 20,794 | \$ 459,142 | \$ 141,113 |
| AAA fund | 29,811 | - | 29,811 | - |
| Title III C-1 fund | 443,613 | 4,280 | 408,050 | (31,283) |
| Title III C-2 fund | 290,550 | 4,278 | 85,381 | (200,891) |
| Title III B fund | 195,016 | 544 | 93,729 | (100,743) |
| Title III D fund | 5,097 | - | 3,791 | (1,306) |
| Title III E fund | 30,488 | - | 29,223 | (1,265) |
| Senior center | 11,217 | - | 46,264 | 35,047 |
| Supplemental senior center | - | - | 10,912 | 10,912 |
| NSIP fund | - | - | 29,965 | 29,965 |
| Total program services | \$ 1,344,615 | \$ 29,896 | \$ 1,196,268 | \$ (118,451) |
| General revenues: | | | | |
| Hotel/motel taxes | | | | \$ 34,728 |
| Investment income | | | | 74 |
| Gain on disposal of assets | | | | 176 |
| State revenue sharing | | | | 10,015 |
| | | | Total general revenues | 44,993 |
| | | | Change in net position | (73,458) |
| Net position at beginning of year | | | | 381,631 |
| Net position at end of year | | | | \$ 308,173 |

The accompanying notes are an integral part of this statement.

Statement of Financial Position
June 30, 2017

| ASSETS | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Total</u> |
|-------------------------------------------------|---------------------|----------------------------------|-------------------|
| Current Assets | | | |
| Cash and cash equivalents | \$ 95,074 | \$ - | \$ 95,074 |
| Receivables | | | |
| Accounts | 7,666 | - | 7,666 |
| Hotel/motel tax | 5,843 | - | 5,843 |
| Total assets | <u>\$ 108,583</u> | <u>\$ -</u> | <u>\$ 108,583</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Prepaid accounting fees | \$ 3,000 | \$ - | \$ 3,000 |
| Total assets and deferred outflows of resources | <u>\$ 111,583</u> | <u>\$ -</u> | <u>\$ 111,583</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 18,137 | \$ - | \$ 18,137 |
| Payroll taxes payable | 3,686 | - | 3,686 |
| Total current liabilities | <u>\$ 21,823</u> | <u>\$ -</u> | <u>\$ 21,823</u> |
| FUND BALANCES | | | |
| Fund Balances: | | | |
| Unassigned | <u>\$ 89,760</u> | <u>\$ -</u> | <u>\$ 89,760</u> |
| Total liabilities and fund balances | <u>\$ 111,583</u> | <u>\$ -</u> | <u>\$ 111,583</u> |

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Statement of Financial Position
to Statement of Net Position
June 30, 2017

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------------|
| Total fund balance - total governmental funds | | \$ 89,760 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets. | | 245,479 |
| Long-term liabilities including notes payable, bank lines of credit and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | |
| Due within in one year | \$ - | |
| Due in more than one year | <u>(27,066)</u> | <u>(27,066)</u> |
| Net position of governmental activities | | <u><u>\$ 308,173</u></u> |

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

| | Major Funds | | | | | Total Funds |
|--------------------------------------|-------------------|--------------------|--------------------|-------------------|-------------------|---------------------|
| | General Fund | Title III C-1 Fund | Title III C-2 Fund | Title III B Fund | Other Funds | |
| <u>SUPPORT AND REVENUE</u> | | | | | | |
| SUPPORT | | | | | | |
| Taxes | | | | | | |
| Hotel/motel | \$ 34,728 | \$ - | \$ - | \$ - | \$ - | \$ 34,728 |
| Intergovernmental | | | | | | |
| Governor's Office of Elderly Affairs | 37,500 | 72,550 | 63,481 | 93,729 | 120,001 | 387,261 |
| DOTD Section 18 Transportation | 173,486 | - | - | - | - | 173,486 |
| Medicaid Transportation | 100,814 | - | - | - | - | 100,814 |
| Nutrition Services Incentive Program | - | - | - | - | 29,965 | 29,965 |
| Vernon Parish Police Jury | 143,320 | - | - | - | - | 143,320 |
| State revenue sharing | 10,015 | - | - | - | - | 10,015 |
| Public support | | | | | | |
| Participant contributions | - | - | 13,407 | 7,735 | - | 21,142 |
| In kind support | - | 335,500 | 21,900 | - | - | 357,400 |
| Expenditures reimbursements | 2,589 | - | - | - | - | 2,589 |
| Local donations | 4,022 | - | - | - | - | 4,022 |
| Total | <u>\$ 506,474</u> | <u>\$ 408,050</u> | <u>\$ 98,788</u> | <u>\$ 101,464</u> | <u>\$ 149,966</u> | <u>\$ 1,264,742</u> |
| Fundraising | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Support | <u>\$ 506,474</u> | <u>\$ 408,050</u> | <u>\$ 98,788</u> | <u>\$ 101,464</u> | <u>\$ 149,966</u> | <u>\$ 1,264,742</u> |
| REVENUE | | | | | | |
| Interest income | \$ 74 | \$ - | \$ - | \$ - | \$ - | \$ 74 |
| Commissions | 8,754 | - | - | - | - | 8,754 |
| Total revenue | <u>\$ 8,828</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,828</u> |
| Total Support and Revenue | <u>\$ 515,302</u> | <u>\$ 408,050</u> | <u>\$ 98,788</u> | <u>\$ 101,464</u> | <u>\$ 149,966</u> | <u>\$ 1,273,570</u> |

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

| | Major Funds | | | | | Total Funds |
|-----------------------------------------------------------------|---------------------|--------------------|---------------------|--------------------|--------------------|---------------------|
| | General Fund | Title III C-1 Fund | Title III C-2 Fund | Title III B Fund | Other Funds | |
| <u>EXPENDITURES</u> | | | | | | |
| Program services: | | | | | | |
| Health, Welfare and Social Services | | | | | | |
| Salaries and benefits | \$ 215,942 | \$ 25,965 | \$ 76,130 | \$ 103,546 | \$ 39,248 | \$ 460,831 |
| Travel | 472 | 134 | 382 | 984 | 137 | 2,109 |
| Operating services | 105,979 | 20,837 | 48,729 | 43,305 | 36,492 | 255,342 |
| In kind operating services | - | 335,500 | 21,900 | - | - | 357,400 |
| Operating supplies | 11,770 | 61,177 | 143,409 | 10,697 | 736 | 227,789 |
| Capital outlay | 48,252 | - | - | - | - | 48,252 |
| Total expenditures | <u>\$ 382,415</u> | <u>\$ 443,613</u> | <u>\$ 290,550</u> | <u>\$ 158,532</u> | <u>\$ 76,613</u> | <u>\$ 1,351,723</u> |
| Excess (deficiency) of support and revenue over expenditures | <u>\$ 132,887</u> | <u>\$ (35,563)</u> | <u>\$ (191,762)</u> | <u>\$ (57,068)</u> | <u>\$ 73,353</u> | <u>\$ (78,153)</u> |
| Other financing sources (uses) | | | | | | |
| Operating transfers in | \$ - | \$ 35,563 | \$ 191,762 | \$ 57,068 | \$ 10,384 | 294,777 |
| Operating transfers out | (211,040) | - | - | - | (83,737) | (294,777) |
| Sale of assets | 2,500 | - | - | - | - | 2,500 |
| Total other financing sources (uses) | <u>\$ (208,540)</u> | <u>\$ 35,563</u> | <u>\$ 191,762</u> | <u>\$ 57,068</u> | <u>\$ (73,353)</u> | <u>\$ 2,500</u> |
| Net change in fund balances | \$ (75,653) | \$ - | \$ - | \$ - | \$ - | \$ (75,653) |
| Fund balances, beginning of year | 165,413 | - | - | - | - | 165,413 |
| Fund balances, end of year | <u>\$ 89,760</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 89,760</u> |

(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------------|
| Net change in fund balances - total governmental funds | \$ | (75,653) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. | | 48,252 |
| Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. | | (2,324) |
| Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | (496) |
| Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. | | <u>(43,237)</u> |
| Change in net position of governmental activities | \$ | <u><u>(73,458)</u></u> |

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people of Vernon Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish; to provide for a mutual exchange of ideas and information on the parish and the state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) and other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Specific services provided by the Council to the elderly residents of Vernon Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

B. Reporting Entity

In 1964, the State of Louisiana passed Act 456, which authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. However, before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and each council is governed by policies and regulations established by GOEA.

The Vernon Council on Aging, Inc. is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations on May 1, 1969.

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of but not limited to, representatives of the parish's elderly populations, general public, private businesses, and elected public officials. Board members are elected annually from general elections.

Membership in the Council is open at all times, without restriction, to all residents of Vernon Parish who have reached the age of majority and who expresses an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 17, the Vernon Council is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on criteria set forth in GASB Codification Section 2100, the Council has presented its financial statements as a primary government, because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the Council may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issued bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. Included in its policies is a provision that the Council's budget is approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the Council and is more ministerial or compliance oriented than substantive.

Notes to the Financial Statements (Continued)

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

C. Presentation of Statements

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies established by GAAP and used by the Council are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain significant changes in the Statement include the following:

For the first time the financial statements include:

Governmental-Wide Financial Statements prepared using full accrual accounting for all the Council's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

D. Basic Financial Statements – Government-Wide Statements

The Council's basic financial statements include both Government-Wide (reporting the Council as a whole) and fund financial statements (reporting the Council's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. The Council's functions and programs have been classified as governmental activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the Government-Wide financial statements do not include any of these activities or funds.

In the Government-Wide Statement of Net Position, the governmental type activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net position is reported in three parts – net investment in capital assets, restricted net position; and unrestricted net position. Investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net position consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net position includes all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Council's policy is to use restricted resources first to finance its activities except for nutrition services. When providing nutrition services, revenues earned by the Council under its USDA contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the USDA revenues when paying for nutrition program costs. Quite often

Notes to the Financial Statements (Continued)

unrestricted resources are available for use that must be consumed or they will have to be returned to GOEA. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, the Council will depart from its usual policy of using restricted resources first.

The Government-Wide Statement of Activities reports both gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to drive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Council allocates its indirect costs among various functions and programs in accordance with Circular A-87. In addition, GOEA provides grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA funds are allocated to the Council's other functions and programs.

The Government-Wide Statements focus upon the Council's ability to sustain operations and the change in its net position resulting from the current year's activities.

E. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Council are reported in individual funds in the Funds Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

Governmental fund equity is called the fund balance. Fund balance is further classified as restricted and unassigned. Restricted means that the fund balance is not available for expenditures because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations.

The Council has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

The following is a description of the governmental funds of the Council:

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

Notes to the Financial Statements (Continued)

- **Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services – Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

The Council has established several special revenue funds. The following is a brief description of each special revenue fund's purpose:

Major Special Revenue Funds

Title III C-1 Congregate Meals Fund

The Title III C-1 Fund is used to account for funds, which are used to provide nutritional, congregate meals to the elderly in strategically located centers. During the fiscal year July 1, 2016 to June 30, 2017, the Council serviced approximately 9,676 congregate meals.

Title III C-2 Home Delivered Meals Fund

Title III C-2 is used to account for funds, which are used to provide nutritional, home delivered meals to homebound older persons. During the fiscal year July 1, 2016 to June 30, 2017, the Council served approximately 36,457 home delivered meals.

Title III-B Supportive Services Fund

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

Non-Major Special Revenue Funds

Title III-E National Family Caregiver Support Fund

The Title III-E Fund is used to account for funds used to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers, including in-home respite and respite care. In-home respite provides personal care in the home of the qualifying individual in order to provide a brief period of relief or rest for the client. Respite care provides temporary or periodic services for frail elderly or individuals with developmental disabilities including Adult Day Care/Adult Day Health, Group Respite, In-Home Respite, and Institutional Respite.

Senior Center Fund

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

N.S.I.P. Fund

The N.S.I.P. (National Services Incentive Program) Fund is used to account for the administration of Nutrition Program for the Elderly funds provided by the United States Department of Agriculture through

Notes to the Financial Statements (Continued)

the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program reimburses the service provider about forty cents for each congregate and home-delivered meal serviced to an eligible participant so that United States food and commodities may be purchased to supplement these programs. Net position of the N.S.I.P. Fund is restricted for the purposes stated above.

Title III-D Preventive Health Fund

The Title III-D Fund is used to account for funds used for disease prevention and health promotion activities or services, such as: (1) equipment and materials (scales to weigh people, educational material, and exercise equipment), (2) home injury control, (3) medication management, (4) mental health, and (5) nutrition (assessment/screening, counseling, and education). The law directs the state agency administering this program to "give priority to areas of the state which are medically underserved and in which there are a large number of older individuals who have the greatest economic and social need."

Supplemental Senior Center Fund

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

Title III-C Area Agency Administration (AAA) Fund

The Title III-C Area Agency Administration Fund is used to account for some of the administration cost associated with operating the Special Programs for the Aging.

F. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual Basis – Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenditures, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

2. Modified Accrual Basis – Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

G. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net position in the Government-Wide Financial Statements.

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

I. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$5,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Position. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

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

| | |
|-----------------------|-------------|
| Building Improvements | 20-40 years |
| Equipment | 5-15 years |
| Vehicles | 5 years |
| Computers | 5 years |

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated.

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

J. Vacation/Sick Leave

1. Annual leave shall be granted under the following schedules:
 - a. Full-time employees, (more than thirty hours per week) will receive four (4) hours of annual leave per every pay period of two (2) weeks duration, which amounts to one hundred four (104) hours annually which may be brought forward from one year to the next, but may not exceed two hundred forty (240) hours of accrued annual leave.
 - b. After three (3) years of continuous employment the rate of annual leave will be increased to six (6) hours of annual leave per each of twenty-six (26) pay periods annually, representing one hundred fifty six hours annually after three (3) years of uninterrupted employment with the Council.

Notes to the Financial Statements (Continued)

- c. After ten (10) years of uninterrupted employment with the Council an employee is entitled to eight (8) hours of annual leave per each of twenty-six (26) pay periods which amounts to two hundred eight (208) hours of annual leave per year.
 - d. No employee is allowed more than two hundred forty (240) hours of annual leave to accrue at any one time, and annual leave is only given for continuous employment. No annual leave will be accrued during probationary employment or for part-time employment, or for substitute drivers. At the request of the employee or at the discretion of the Executive Director of the Council annual leave may be donated from one employee to another in extreme cases of duress or need, but will be done in writing on a Council form for request for said donation.
 - e. Annual leave is an employee benefit for the employee's personal use and should be requested within four (4) to two (2) weeks of its intended use in writing by the employee wanting to use annual leave. The Council encourages its employees to utilize their annual leave and to use at least one (1) or two (2) weeks of annual leave per year if they have it accrued. Every effort will be made to afford each employee an opportunity to use annual leave with consideration for their own wishes and needs, provided the mission of the Council does not suffer unduly. Whenever possible the employee will be granted annual leave to observe established Holy Days of their religious preference. However, annual does not accrue during a "leave without pay" status. Any annual leave in excess of two hundred forty (240) hours will be lost after July 1st of each year.
2. Sick Leave will be granted to all full-time employees at the rate of sixty-four (64) hours per year for continuous service. Part-time employees, probationary employees, or substitute drivers will not be afforded sick leave. There will be no annual increase in the amount of sick leave awarded to full-time employees. Sick leave will not be paid for upon termination of employee's time with Council, but a full-time employee can donate sick leave to another employee under circumstances of severe illness of employee. This donation is at the discretion of the Council Executive Director and the employee donating the sick leave which will be documented on a special Council form which designates to whom the sick leave is being donated.

Sick leave is a benefit which an employee may utilize when the employee's absence is necessary due to illness. Also, sick leave may be used in the pursuit of a medical or dental appointment or that of a child, a spouse, or the employee's immediate family as long as this privilege is not abused. Request for continuous sick leave in excess of three (3) days must be supported by a physician's statement. No compensation for unused sick leave will be afforded an employee upon separation or termination.

K. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

L. Management's Use of Estimates

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

M. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

N. Fund Balances

Restricted Amounts that are restricted to specific purposes should be reported as restricted fund balance. Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

O. Budgetary Reporting

The budget information presented in the section of required supplementary information applies to “major” governmental funds for which annual budgets were adopted. Budgetary information for “Nonmajor” funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- GOEA notifies the Council each year as to the funding levels for each of its programs.
- Management makes revenue projections based on grants from the Vernon Council on Aging, Inc., other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Management develops expenditure projections using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information has been obtained to project revenues and expenditures, the Council’s Executive Director and Finance Administrator prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board of directors meeting before May 31 of the current fiscal year.
- The adopted budget is forwarded to the Governor’s Office of Elderly Affairs (GOEA) for compliance approval.
- Unbudgeted amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, the Council will automatically budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired

Vernon Council on Aging, Inc.

Notes to the Financial Statements (Continued)

under federal matching programs. The “match” might be made in one year and the vehicles delivered in another year.

- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying financial statements included the original adopted budget amounts and all subsequent amendments. During the fiscal year, management amended the Council’s budget once on April 27, 2017, using a procedure similar to the one used to approve the original budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from the Governor’s Office of Elderly Affairs for funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%, unless unrestricted funds are available to “cover” the overrun.
- Expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual fund had actual expenditures over budgeted appropriations for the year ended June 30, 2017.

| Fund | Original Budget | Final Budget | Actual | Unfavorable Variance |
|--------------|--------------------|-----------------|------------|-------------------------|
| General Fund | \$ 306,439 | \$ 288,317 | \$ 382,415 | \$ 94,098 |

2. REVENUE RECOGNITION

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting.

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

3. CASH AND CASH EQUIVALENTS

At June 30, 2017, the Council had cash and cash equivalents (book balances) totaling \$95,074 as follows:

| | |
|----------------------------------|-----------|
| Interest bearing demand deposits | \$ 95,074 |
|----------------------------------|-----------|

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by

Vernon Council on Aging, Inc.

Notes to the Financial Statements (Continued)

the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017, the Council had \$116,436 in deposits (collected bank balances). These deposits are secured from risk by \$116,436 of federal deposit insurance.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, for the Council is as follows:

| | Beginning Balance | Increase | Decrease | Ending Balance |
|---------------------------------------------|----------------------|------------------|------------------|-------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 55,000 | \$ - | \$ - | \$ 55,000 |
| Capital assets being depreciated | | | | |
| Buildings | \$ 185,851 | \$ - | \$ - | \$ 185,851 |
| Improvements | 18,724 | 14,456 | - | 33,180 |
| Machinery and equipment | 48,300 | 6,900 | - | 55,200 |
| Furniture and fixtures | 3,000 | - | - | 3,000 |
| Vehicles | 239,527 | 26,896 | 34,988 | 231,435 |
| Total capital assets being depreciated | <u>\$ 495,402</u> | <u>\$ 48,252</u> | <u>\$ 34,988</u> | <u>\$ 508,666</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | \$ 122,087 | \$ 4,646 | \$ - | \$ 126,733 |
| Improvements | 1,092 | 1,992 | - | 3,084 |
| Machinery and equipment | 48,300 | 115 | - | 48,415 |
| Furniture and fixtures | 3,000 | - | - | 3,000 |
| Vehicles | 133,135 | 36,484 | 32,664 | 136,955 |
| Total accumulated depreciation | <u>\$ 307,614</u> | <u>\$ 43,237</u> | <u>\$ 32,664</u> | <u>\$ 318,187</u> |
| Total capital assets being depreciated, net | <u>\$ 187,788</u> | <u>\$ 5,015</u> | <u>\$ 2,324</u> | <u>\$ 190,479</u> |

Depreciation expense of \$43,237 for the year ended June 30, 2017, was charged to the following governmental functions:

| | |
|------------------------|------------------|
| Title III B | \$ 36,484 |
| General administration | 6,753 |
| Total | <u>\$ 43,237</u> |

5. BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for any out-of-pocket costs they might incur on behalf of the Council in accordance with the Council's applicable reimbursement policy.

6. INCOME TAX STATUS

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code of 1986 and is an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is also exempt from Louisiana income tax.

Notes to the Financial Statements (Continued)

7. JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against the Council at June 30, 2017. Furthermore, the Council's management believed that any potential lawsuits would be adequately covered by insurance.

8. FEDERAL AWARDS PROGRAMS

The Council receives revenues from various federal and state grant programs, which are subject to final review and approval as to allowability of expenditures by respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period agreed upon by the agency and the Council. Also, it is management's opinion that any audits or reviews by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Council's financial position.

9. ECONOMIC DEPENDENCY

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

10. INTERFUND TRANSFERS

Operating transfers in and out are listed by fund for the fiscal year ended June 30, 2017:

| | Funds Transferred To | | | | | | Total |
|-----------------------------|----------------------|------------------|------------------|----------------|----------------|------------------|------------|
| | Title III B | Title III C-1 | Title III C-2 | Title III D | Title III E | Senior Center | |
| <u>Transfer From</u> | | | | | | | |
| General Fund | \$ 14,208 | \$ 32,463 | \$ 161,798 | \$ 1,306 | \$ 1,265 | \$ - | \$ 211,040 |
| Special Revenue Funds: | | | | | | | |
| Non-Major Funds: | | | | | | | |
| NSIP | \$ - | \$ - | \$ 29,964 | \$ - | \$ - | \$ - | \$ 29,964 |
| Senior Center | 42,860 | - | - | - | - | - | 42,860 |
| Supplemental Senior Center | - | 3,100 | - | - | - | 7,813 | 10,913 |
| Total Special Revenue Funds | \$ 42,860 | \$ 3,100 | \$ 29,964 | \$ - | \$ - | \$ 7,813 | \$ 83,737 |
| Total all funds | \$ 57,068 | \$ 35,563 | \$ 191,762 | \$ 1,306 | \$ 1,265 | \$ 7,813 | \$ 294,777 |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

11. RETIREMENT COMMITMENTS

Employees of the Council are participants in the social security system and retirement benefits are provided by that system.

Vernon Council on Aging, Inc.

Notes to the Financial Statements (Concluded)

12. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the Council's insurance coverage.

13. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2017.

| | <u>Compensated Absences</u> |
|-----------------------------------------------|---------------------------------|
| Long-term obligations at beginning of year | \$ 26,570 |
| Additions | 3,327 |
| Compensated absences used | <u>(2,831)</u> |
| Long-term obligations at end of year | <u>\$ 27,066</u> |

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2017.

| | <u>Compensated Absences</u> |
|-------------------|---------------------------------|
| Current portion | \$ - |
| Long-term portion | <u>27,066</u> |
| Total | <u>\$ 27,066</u> |

14. RECEIVABLES

The receivables of \$13,509 at June 30, 2017 are as follows:

| <u>Class of receivable</u> | |
|----------------------------|------------------|
| Intergovernmental - grants | |
| Hotel/motel tax | \$ 5,843 |
| Logisticare/Molina grant | <u>7,666</u> |
| Total | <u>\$ 13,509</u> |

15. PAYABLES

The payables of \$21,823 at June 30, 2017 are as follows:

| <u>Class of payable</u> | |
|-------------------------|------------------|
| Payroll taxes payable | \$ 3,686 |
| Accounts payable | <u>18,137</u> |
| Total | <u>\$ 21,823</u> |

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2017

| | Budgeted Amounts | | Actual Amount | Budget to Actual differences over (under) |
|-----------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------------------------|
| | Original | Final | | |
| <u>SUPPORT AND REVENUE</u> | | | | |
| <u>SUPPORT</u> | | | | |
| Taxes | | | | |
| Hotel/motel taxes | \$ 33,591 | \$ 32,818 | \$ 34,728 | \$ 1,910 |
| PCOA revenue | 37,500 | 37,500 | 37,500 | - |
| DOTD Section 18 Transportation | 167,807 | 163,942 | 173,486 | 9,544 |
| Medicaid Transportation | 97,514 | 95,268 | 100,814 | 5,546 |
| Vernon Parish Police Jury | 138,628 | 135,436 | 143,320 | 7,884 |
| State revenue sharing | 9,687 | 9,464 | 10,015 | 551 |
| Participant contributions | - | - | - | - |
| Expenditure reimbursements | 2,504 | 2,447 | 2,589 | 142 |
| Local donations | 3,890 | 3,801 | 4,022 | 221 |
| Total | <u>\$ 491,121</u> | <u>\$ 480,676</u> | <u>\$ 506,474</u> | <u>\$ 25,798</u> |
| Fundraising | \$ - | \$ - | \$ - | \$ - |
| Total support | <u>\$ 491,121</u> | <u>\$ 480,676</u> | <u>\$ 506,474</u> | <u>\$ 25,798</u> |
| <u>REVENUE</u> | | | | |
| Interest income | \$ 72 | \$ 70 | \$ 74 | \$ 4 |
| Commissions | 8,467 | 8,272 | 8,754 | 482 |
| Total revenue | <u>\$ 8,539</u> | <u>\$ 8,342</u> | <u>\$ 8,828</u> | <u>\$ 486</u> |
| Total support and revenue | <u>\$ 499,660</u> | <u>\$ 489,018</u> | <u>\$ 515,302</u> | <u>\$ 26,284</u> |
| <u>EXPENDITURES</u> | | | | |
| Program services: | | | | |
| Health, Welfare and Social Services | | | | |
| Salaries and benefits | \$ 211,350 | \$ 210,902 | \$ 215,942 | \$ (5,040) |
| Travel | 393 | 402 | 472 | (70) |
| Operating services | 73,251 | 65,792 | 105,979 | (40,187) |
| Operating supplies | 21,445 | 11,221 | 11,770 | (549) |
| Capital outlay | - | - | 48,252 | (48,252) |
| Total expenditures | <u>\$ 306,439</u> | <u>\$ 288,317</u> | <u>\$ 382,415</u> | <u>\$ (94,098)</u> |
| Excess (deficiency) of support and revenue over expenditures | <u>\$ 193,221</u> | <u>\$ 200,701</u> | <u>\$ 132,887</u> | <u>\$ (67,814)</u> |
| Other financing sources (uses) | | | | |
| Transfers out | \$ (193,221) | \$ (200,701) | \$ (211,040) | \$ (10,339) |
| Sale of assets | - | - | 2,500 | 2,500 |
| Total other financing sources (uses) | <u>\$ (193,221)</u> | <u>\$ (200,701)</u> | <u>\$ (208,540)</u> | <u>\$ (7,839)</u> |
| Net change in fund balances | \$ - | \$ - | \$ (75,653) | \$ (75,653) |
| Fund balances, beginning of year | 180,000 | 165,413 | 165,413 | - |
| Fund balances, end of year | <u>\$ 180,000</u> | <u>\$ 165,413</u> | <u>\$ 89,760</u> | <u>\$ (75,653)</u> |

Title III C-1 Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2017

| <u>SUPPORT</u> | Budgeted Amounts | | Actual Amount | Budget to Actual |
|-----------------------------------------------------|------------------|-------------|---------------|-----------------------------|
| | Original | Final | | differences over (under) |
| GOEA support | \$ 72,550 | \$ 72,550 | \$ 72,550 | \$ - |
| In-kind support | 320,900 | 335,500 | 335,500 | - |
| Total support | \$ 393,450 | \$ 408,050 | \$ 408,050 | \$ - |
| <u>EXPENDITURES</u> | | | | |
| Program services: | | | | |
| Health, Welfare and Social services | | | | |
| Salaries and benefits | \$ 22,071 | \$ 27,866 | \$ 25,965 | \$ 1,901 |
| Travel | 149 | 124 | 134 | (10) |
| Operating services | 24,048 | 22,720 | 20,837 | 1,883 |
| In-kind operating services | 320,900 | 335,500 | 335,500 | - |
| Operating supplies | 69,881 | 65,378 | 61,177 | 4,201 |
| Total expenditures | \$ 437,049 | \$ 451,588 | \$ 443,613 | \$ 7,975 |
| Excess (deficiency) of support over expenditures | \$ (43,599) | \$ (43,538) | \$ (35,563) | \$ 7,975 |
| Other financing sources (uses) | | | | |
| Transfers in | \$ 43,599 | \$ 43,538 | \$ 35,563 | \$ (7,975) |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - |

Title III C-2 Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2017

| <u>SUPPORT</u> | Budgeted Amounts | | Actual Amount | Budget to Actual differences over (under) |
|-----------------------------------------------------|------------------|--------------|---------------|-------------------------------------------------|
| | Original | Final | | |
| GOEA support | \$ 63,481 | \$ 63,481 | \$ 63,481 | \$ - |
| Participant contributions | 10,000 | 10,000 | 13,407 | 3,407 |
| In-kind support | 17,900 | 21,900 | 21,900 | - |
| Total support | \$ 91,381 | \$ 95,381 | \$ 98,788 | \$ 3,407 |
| <u>EXPENDITURES</u> | | | | |
| Program services: | | | | |
| Health, Welfare and Social services | | | | |
| Salaries and benefits | \$ 57,125 | \$ 73,597 | \$ 76,130 | \$ (2,533) |
| Travel | 1,312 | 333 | 382 | (49) |
| Operating services | 51,734 | 49,526 | 48,729 | 797 |
| In-kind services | 17,900 | 21,900 | 21,900 | - |
| Operating supplies | 132,654 | 122,961 | 143,409 | (20,448) |
| Total expenditures | \$ 260,725 | \$ 268,317 | \$ 290,550 | \$ (22,233) |
| Excess (deficiency) of support over expenditures | \$ (169,344) | \$ (172,936) | \$ (191,762) | \$ (18,826) |
| Other financing sources | | | | |
| Transfers in | \$ 169,344 | \$ 172,936 | \$ 191,762 | \$ 18,826 |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - |

Title III B Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2017

| <u>SUPPORT</u> | Budgeted Amounts | | <u>Actual Amount</u> | Budget to Actual |
|-----------------------------------------------------|------------------|-------------|----------------------|-----------------------------|
| | Original | Final | | differences over (under) |
| GOEA support | \$ 93,729 | \$ 93,729 | \$ 93,729 | \$ - |
| Participant contributions | 10,000 | 10,000 | 7,735 | (2,265) |
| Total support | \$ 103,729 | \$ 103,729 | \$ 101,464 | \$ (2,265) |
| <u>EXPENDITURES</u> | | | | |
| Program services: | | | | |
| Health, Welfare and Social services | | | | |
| Salaries and benefits | \$ 92,049 | \$ 104,008 | \$ 103,546 | \$ 462 |
| Travel | 2,404 | 995 | 984 | 11 |
| Operating services | 48,515 | 46,436 | 43,305 | 3,131 |
| Operating supplies | 19,784 | 10,488 | 10,697 | (209) |
| Total expenditures | \$ 162,752 | \$ 161,927 | \$ 158,532 | \$ 3,395 |
| Excess (deficiency) of support over expenditures | \$ (59,023) | \$ (58,198) | \$ (57,068) | \$ 1,130 |
| Other financing sources | | | | |
| Transfers in | \$ 59,023 | \$ 58,198 | \$ 57,068 | \$ (1,130) |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - |

SUPPLEMENTARY INFORMATION REQUIRED BY GOEA

Schedule of Non-Major Special Revenues Funds
 Combining Statement of Revenues and Expenditures
 For the Year Ended June 30, 2017

| | Title III D Fund | AAA Fund | Senior Center | Senior Center Supplemental | NSIP Fund | Title III E Fund | Total |
|-----------------------------------------------------|---------------------|------------------|--------------------|-------------------------------|--------------------|---------------------|--------------------|
| Support | | | | | | | |
| Intergovernmental | | | | | | | |
| Governor's Office of Elderly Affairs | \$ 3,791 | \$ 29,811 | \$ 46,264 | \$ 10,912 | \$ - | \$ 29,223 | \$ 120,001 |
| Nutrition Services Incentive Program | - | - | - | - | 29,965 | - | 29,965 |
| Total support | <u>\$ 3,791</u> | <u>\$ 29,811</u> | <u>\$ 46,264</u> | <u>\$ 10,912</u> | <u>\$ 29,965</u> | <u>\$ 29,223</u> | <u>\$ 149,966</u> |
| Expenditures | | | | | | | |
| Health and Welfare and Social Services | | | | | | | |
| Salaries and benefits | \$ 4,110 | \$ 13,791 | \$ 9,210 | \$ - | \$ - | \$ 12,137 | \$ 39,248 |
| Travel | 6 | 101 | 13 | - | - | 17 | 137 |
| Operating services | 950 | 15,372 | 1,926 | - | - | 18,244 | 36,492 |
| Operating supplies | 31 | 547 | 68 | - | - | 90 | 736 |
| Total expenditures | <u>\$ 5,097</u> | <u>\$ 29,811</u> | <u>\$ 11,217</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 30,488</u> | <u>\$ 76,613</u> |
| Excess (deficiency) of support over expenditures | <u>\$ (1,306)</u> | <u>\$ -</u> | <u>\$ 35,047</u> | <u>\$ 10,912</u> | <u>\$ 29,965</u> | <u>\$ (1,265)</u> | <u>\$ 73,353</u> |
| Other financing sources (uses) | | | | | | | |
| Transfers in | \$ 1,306 | \$ - | \$ 7,813 | \$ - | \$ - | \$ 1,265 | \$ 10,384 |
| Transfers out | - | - | (42,860) | (10,912) | (29,965) | - | (83,737) |
| Total other financing sources (uses) | <u>\$ 1,306</u> | <u>\$ -</u> | <u>\$ (35,047)</u> | <u>\$ (10,912)</u> | <u>\$ (29,965)</u> | <u>\$ 1,265</u> | <u>\$ (73,353)</u> |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fund balances at beginning of year | - | - | - | - | - | - | - |
| Fund balances at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Comparative Schedule of General Fixed Assets
and Changes in General Fixed Assets
For the Year Ended June 30, 2017

| | Beginning Balance | Increase | Decrease | Ending Balance |
|----------------------------------------|----------------------|------------------|------------------|-------------------|
| General Fixed Assets | | | | |
| Land | \$ 55,000 | \$ - | \$ - | \$ 55,000 |
| Buildings | 185,851 | - | - | 185,851 |
| Improvements | 18,724 | 14,456 | - | 33,180 |
| Machinery and equipment | 48,300 | 6,900 | - | 55,200 |
| Furniture and fixtures | 3,000 | - | - | 3,000 |
| Vehicles | 239,527 | 26,896 | 34,988 | 231,435 |
| | <u>550,402</u> | <u>48,252</u> | <u>34,988</u> | <u>563,666</u> |
| Total capital assets being depreciated | <u>\$ 550,402</u> | <u>\$ 48,252</u> | <u>\$ 34,988</u> | <u>\$ 563,666</u> |
| Invested in General Fixed Assets | | | | |
| Property acquired with funds from | | | | |
| Title III C-1 | \$ 5,000 | \$ - | \$ - | \$ 5,000 |
| Title III C-2 | 5,000 | - | - | 5,000 |
| Local Funds | 540,402 | 48,252 | 34,988 | 553,666 |
| | <u>550,402</u> | <u>48,252</u> | <u>34,988</u> | <u>563,666</u> |
| Total Invested in General Fixed Assets | <u>\$ 550,402</u> | <u>\$ 48,252</u> | <u>\$ 34,988</u> | <u>\$ 563,666</u> |

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head - Marvis Chance

| <u>Purpose</u> | <u>Amount</u> |
|----------------------------|---------------|
| Salary | \$ 88,158 |
| Benefits - insurance | - |
| Benefits - retirement | - |
| Deferred compensation | - |
| Benefits - other (AL & SL) | - |
| Car allowance | - |
| Dues | - |
| Vehicle rental | - |
| Per diem | 158 |
| Reimbursements | 1,932 |
| Travel | 670 |
| Registration fees | - |
| Conference travel | 275 |
| Housing | - |
| Unvouchered expenses | - |
| Special meals | - |
| Other | - |

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2017

There were no prior year audit findings as of June 30, 2016.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended June 30, 2017

Finding – Financial Statement Audit

Audit Finding No. 2017-1

Budget Variances

- Condition: Actual expenditures in the General Fund exceeded budgeted expenditures by more than ten percent as allowed by GOEA.
- Criteria: In accordance with the Council's budget policy and GOEA, the General Fund budget should be amended when budgeted expenditures are less than the actual expenditures by more than ten percent.
- Cause and Condition: The Council failed to adequately amend the budget at the end of fiscal year June 30, 2017.
- Effect of Condition: Inaccurate budgeting counters fiscal responsibility.
- Recommendation: We recommend that the Council monitor revenues and costs for each fund and amend the budgets when actual revenues are less than the budgeted amounts by more than ten percent or when actual costs are more than the budgeted amounts by more than ten percent.

VERNON COUNCIL on AGING, INC.
200 N. 3rd St., Leesville, Louisiana 71446

Marvis L. Chance, Executive Director
337/239-4361 fax 337/239-0186

“Improving the quality of life for the seniors of Vernon Parish”

October 31, 2017

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 N. 3rd. Street
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Sir:

Response to Finding:

Budget Variances:

Response:

Vernon Council on Aging will monitor all funds to insure any fund with a variance, over or under, of 10% or more for any revenue or expense category will be amended.

Respectfully,



Marvis L. Chance
Executive Director,
Vernon Council on Aging, Inc.

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

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

To the Board of Directors
Vernon Council on Aging, Inc.
Leesville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Vernon Council on Aging, Inc. (a nonprofit organization) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Vernon Council on Aging, Inc.'s basic financial statements, and have issued our report thereon dated October 17, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Vernon Council on Aging, 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vernon Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Vernon Council on Aging, 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vernon Council on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings and management's response as item Audit Finding No. 2017-1.

Vernon Council on Aging, Inc.'s Response to Findings

Vernon Council on Aging, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of current year audit findings and management's response. Vernon Council on Aging, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DeRidder, Louisiana
October 17, 2017

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Vernon Council on Aging, Inc.
Leesville, Louisiana

We have performed the procedures enumerated below, which were agreed to by Vernon Council on Aging, Inc., Louisiana (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 July 1, 2016 through June 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, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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
Written policies and procedures were obtained and address the functions above.
 - 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.
Written policies and procedures were obtained and address the functions above.
 - c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions above.

- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions above.
- 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
Written policies and procedures were obtained and address the functions above.
- 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
Written policies and procedures were obtained and address the functions above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions above.
- 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.
Not applicable, nonprofit.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
There was no written policy for debt service. The Council has not incurred any debt during the fiscal year.

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.
The managing Board meets on a quarterly basis.
 - 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).
The minutes do not reference budget to actual comparisons for major funds.

- 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.

Not applicable.

- 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 included non-budgetary financial information.

Bank Reconciliations

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

We obtained a complete listing of the Council's bank accounts and management's representation that the listing is complete.

- 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;

Monthly bank statements and bank reconciliations were obtained for selected bank accounts each month of the fiscal year. No exceptions were noted.

- 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

Bank reconciliations did not contain any evidence of review.

- 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.

Not applicable.

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 cash collection locations and management's representation has been obtained. Cash collections take place at the Council's office and bus fares that are given to drivers.

- 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 individuals responsible for collecting cash are bonded and are not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the bank account.

- 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.

The Council's contracted accountant reconciles cash collections to the ledger and is not involved in the collection process.

- 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.

Daily deposits were not made; funds were held for two to five days before deposit.

- 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.

Daily cash collections were supported by related collection reports and documentation.

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 is a written policy specifically defined to determine completeness of all collections, including EFTs, for each revenue source by a person not responsible for collections.

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.

We obtained a listing along with management's representation.

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.
A purchase order or requisition system is not used. Approval for disbursements is made by the Director and payments are processed by the Finance Director.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
A purchase order or requisition system is not used. Approval for disbursements is made by the Director and payments are processed by the Finance Director.
 - 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.
A purchase order or requisition system is not used. Each examined invoice had proper approval without any exceptions noted.
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.
The person responsible for processing payments is not prohibited from adding vendors.
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.
The person with signing authority can also initiate or record purchases.
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.
The person with signatory authority does have access to unused checks.
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.
No signature stamp was used.

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 active credit cards along with management's representation was obtained.

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.]

Monthly statements were obtained. No exceptions were noted.

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

There was evidence that finance charges or late fees were assessed.

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)

No exceptions were noted.

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

Obtained documentation of the business purpose. No exceptions were noted.

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

Not applicable.

- 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.

No exceptions were noted.

- 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.

No exceptions were noted.

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 all travel and related expense reimbursements along with management's representation was 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.

Obtained the Council's written policies related to travel and expense reimbursements, noting amounts to be reimbursed are paid in accordance with the U.S. General Services Administration guidelines as approved by the Governor's Office of Elderly Affairs.

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.

No exceptions were noted.

- 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.]

Each expense was supported by an itemized receipt.

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

Business purposes were documented.

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

Not applicable.

- 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.

No exceptions were noted.

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

Each travel and related reimbursement payment had proper supporting documentation. Each payment was reviewed and approved by someone other than the person receiving the reimbursement.

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.

Obtained a listing of all contracts in effect along with management's representation.

- 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.

Formal or written contracts were noted for the selected vendors.

- 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)

Each contract complied with all legal requirements.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

- 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.
Not applicable.
- 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.
Invoices and related payments were in compliance with contract terms and conditions.
- 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).
The board minutes show documentation of board approval.

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:
Obtained a listing of employees with their related salaries along with management's representation.
 - 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.
No exceptions were noted.
 - 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 changes made to the selected employees.
- 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.)
The selected employees documented their daily attendance and leave.
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
No exceptions were noted.

- 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.

No exceptions were noted.

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.

Not applicable.

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.

No exceptions were noted.

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.

Not applicable, nonprofit.

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.

No ethics violations were reported.

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.

Not applicable.

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.

Not applicable.

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.

Not applicable.

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.

The entity had no misappropriation of public funds.

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.

The Council has posted the required notice on its premises. The council does not have a website.

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

No exceptions were noted.

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

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

Windham & Reed CPA, L.L.C.

DeRidder, Louisiana

October 17, 2017