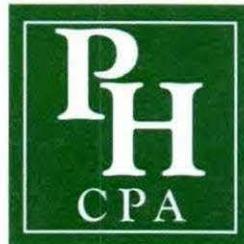


WASHINGTON COUNCIL ON THE AGING, INC
BOGALUSA, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2018



PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION

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Bogalusa, Louisiana
June 30, 2018

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CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

MEMBER

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



18435 HWY. 22
P.O. BOX 1151
PONCHATOLA, LA 70454
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTPELIER AVE., STE. B
P.O. BOX 520
ALBANY, LA 70711
(225) 209-6627 • FAX (225) 209-6625

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Washington Council on the Aging, Inc.
Bogalusa, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Council on the Aging Inc., Bogalusa, Louisiana, (the Council) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 18) and budgetary comparison information (pages 62 through 66) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 inquiries 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.

Other Supplementary Information

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

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, this supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of the Council'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 the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Respectfully Submitted,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
Ponchatoula, Louisiana
December 14, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
June 30, 2018

The following discussion and analysis of the Washington Council on the Aging, Inc.'s (the Council) financial performance provides an overview of the Council's financial performance and activities for the year ended June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. This document should be read in conjunction with basic financial statements, which follow this section.

Financial Highlights

- The Council showed an increase in overall net position of \$74,346 or about 8%.
- Net investment in capital assets of the Council increased by \$19,915, or about 19.6%.
- Administrative expenses decreased this year by \$21,152, or about 8.4%.
- The unassigned fund balance for the Council's General Fund was \$842,424, at year-end, which is a \$59,381 or 7.6% increase from the prior year.
- Fund revenues increased by \$15,840, or about 1.4%.
- Fund expenditures increased by \$82,259, or about 8%.
- No deficit fund balances existed at year-end.
- The Council did not have any long-term liabilities.

How to Use This Annual Report

The Council's annual financial report consists of six main parts:

- (1) Management's discussion and analysis (this section)
- (2) The basic financial statements (government-wide, fund, and footnotes)
- (3) Supplementary financial information required by GASB 34
- (4) Supplementary financial information for GOEA analysis
- (5) Supplementary financial information required by Louisiana law, and
- (6) Auditor reports.

Government-wide financial statements are comprised of the Statement of Net Position (Exhibit A) and the Statement of Activities (Exhibit B). These financial statements provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, the fund financial statements, which consist of the Fund Balance Sheet (Exhibit C) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D), tell how services were financed in the short term, as well as what remains for future spending for governmental funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS **(Continued)**

Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

The auditor has provided assurance in his independent auditor's report, located immediately before this Management's Discussion and Analysis (MD&A), that the Basic Financial Statements are fairly stated. The auditor also mentions in his report that he has performed limited procedures about Management's Discussion and Analysis and certain budgetary comparison schedules required by accounting principles generally accepted in the United States of America (specifically, GASB Statement 34) in this reporting package but did not audit them and therefore expresses no opinion on them. Finally, the auditor states in his report that he has applied certain audit procedures to the supplementary financial information presented for purposes of additional analysis by the Governor's Office of Elderly Affairs (GOEA) and a supplementary schedule of compensation, benefits, and other payments made to the Council's executive director as required by Louisiana law, and that this information is fairly stated in all material respects in relation to the financial statements as a whole.

On page 74 of this reporting package is a second auditor's report. This report is on the Council's compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*. In this report the auditor did not identify any deficiencies in internal control over financial reporting that he considered to be material weaknesses. In addition, the auditor stated that his tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements, which present different views of the Council, along with notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements (Exhibits A and B) are prepared using the accrual basis of accounting and are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private sector business. When using these financial statements the user should consider whether the Council's finances, as a whole, have improved or deteriorated since last year. The government-wide financial statements found on pages 20 and 21 report the Council's net position and changes in them. However, to assess the overall financial position of the Council, the user must also consider non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Statement of Net Position (Exhibit A) presents all assets and liabilities and the Council's financial position at year-end, whereas the Statement of Activities (Exhibit B) presents information showing how the Council's net position changed during this fiscal year as a result of the Council's activities. In this statement all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future fiscal periods.

All of the Council's significant activities are reported in the Statement of Activities, including a Health, Welfare, and Social Services function and an Administration function. The Health, Welfare, and Social Services function, which is the governmental activity of the Council, is comprised of various programs that include supportive social services, nonelderly transportation, nutritional services, family caregiver support, and senior citizen activities. Subprogram activities are also presented in some cases to help the reader analyze the Council's operations in more detail.

All activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it receives from governmental grants and contracts along with general public donations, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the service are not required to pay for what they receive. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. Note that the Council does charge fees for its nonelderly, general public transportation services, but the Council does not expect the fees to cover the costs of operating this program. The Statement of Activities for this program clearly shows the deficit at which it operates despite the fees charged.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Council are governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements (Exhibits C and D) focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Accordingly, the governmental funds use the modified accrual basis of accounting. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

presented for governmental activities in the government-wide financial statements. The governmental fund balance sheet presents a reconciliation between net position of governmental activities and fund balances of the governmental funds. A reconciliation between the change in fund balances for the governmental funds and the change in net position for the governmental activities is presented in Exhibit E.

The Council uses two types of governmental funds: (1) general fund and (2) special revenue funds.

The general fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Council's general fund receives general revenue primarily from a property tax, GOEA grants, program service fees, and public donations. General funds are often transferred to special revenue funds to help pay for expenditures that exceeded their primary revenues.

All other funds are special revenue funds that are used to account for the proceeds of specific revenue sources which are restricted or committed to expenditure for specified purposes other than debt service or capital projects. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues. The special revenue funds have no fund balance at year-end because all revenue received is expended in the same year.

The Council has presented the General Fund, Title III B Fund, Title III C-1 Fund, Title III C-2 Fund, and Title III E Fund as *major* governmental funds. All *nonmajor* governmental funds, if any, are presented in one column on the fund financial statements, titled *Nonmajor* Funds. There were no nonmajor governmental funds to present this year.

Major funds are those whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which management subjectively believes is important to the Council's financial statement users.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the fund financial statements and should be read before making assumptions or drawing conclusions about the Council's financial condition.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

In addition to the basic financial statements, this report also presents certain required supplementary information (RSI) that further explains and supports the information in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted budget (see pages 62 to 66). The schedules compare the original and final (if the original budget is amended) budgets to actual results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Management's Discussion and Analysis (MD&A) is also required supplementary information by GASB Statement 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package (after the independent auditor's opinion) and not with the other RSI, which is included later in this reporting package beginning on page 62.

SUPPLEMENTARY FINANCIAL INFORMATION FOR GOEA ANALYSIS

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present a combining schedule that provide details about nonmajor governmental funds and a schedule containing details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of the information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council. (See page 71) Note that the combining schedule for the nonmajor governmental funds was not prepared this year because the Council did not have any nonmajor funds.

SUPPLEMENTARY INFORMATION REQUIRED BY STATE LAW

Act 706 of the 2014 Louisiana Legislative session amended Louisiana Revised Statue 24:513 A (3) to require a supplementary Schedule of Compensation, Reimbursements, Benefits and Other Payments to the Council's Executive Director. This information is designed to permit the public to see what the agency's head has been paid or reimbursed during the year. The objective is to make the Council's expenditures more transparent.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

Condensed Statement of Net Position

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Current and Other Assets.			
Current Assets	\$ 876,154	\$ 850,636	\$ 25,518
Other Assets	32,664	4,324	28,340
Capital Assets, net of depreciation	121,272	101,357	19,915
Total Assets	<u>1,030,090</u>	<u>956,317</u>	<u>73,773</u>
Current Liabilities	14,073	14,646	(573)
Total Liabilities	<u>14,073</u>	<u>14,646</u>	<u>(573)</u>
Net Position:			
Net Investment in Capital Assets	121,272	101,357	19,915
Restricted	9,108	9,363	(255)
Unrestricted	885,637	830,951	54,686
Total Net Position	<u>\$ 1,016,017</u>	<u>\$ 941,671</u>	<u>\$ 74,346</u>

As noted earlier, net position may serve over time as a useful indicator of the Council's financial position. The Council's net position at June 30, 2018 was \$1,016,017, whereas net position as of June 30, 2017 was \$941,671. The net position amount as of June 30, 2018 represents about an 8% increase in net position from 2017.

About 87% and 88% of the Council's total net position is unrestricted as of June 30, 2018 and 2017, respectively. Unrestricted net position is important because it represents resources that management has available to adapt to changes in the economy, emergencies, unexpected needs, and reduction in or termination of grant revenues by government agencies.

The Council's restricted net position represents less than 1% of the Council's total net position at the end of each year. Net position is reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net investment in the capital assets portion of net position is presented net of any related outstanding debt to acquire them. There is, however, no debt to be subtracted from the capital assets. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

policy helps assure that management will stay within its financial means so that future revenues will be spent for client services instead of debt service. Net investment in capital assets represents about 12% of total net position at the end of 2018 compared to 11% at the end of 2017.

The table presented below illustrates a summarized or condensed presentation of the revenues and expenses that caused the change in net position for 2018 and 2017, respectively.

Revenues:	2018	% of Total	2017	% of Total
Program Revenues:				
Charges for Services	\$ 13,818	1.26%	\$ 12,021	1.11%
Operating Grants and Contributions	453,980	41.40%	464,006	42.72%
Capital Grants and Contributions	0	0.00%	0	0.00%
General Revenues:				
Property Taxes, net of Pension Withholding	495,769	45.21%	484,047	44.57%
Unrestricted Grants and Contributions	116,195	10.60%	117,912	10.86%
Other General Revenues	16,738	1.53%	8,090	0.74%
Total Revenues	1,096,500	100.00%	1,086,076	100.00%
 Direct Program Expenses of the Health, Welfare, and Social Services Function:				
Supportive Services:				
Transportation of the elderly	324,726	31.77%	293,516	29.24%
Homemaker	99,690	9.75%	100,213	9.98%
Other supportive services	32,256	3.16%	31,255	3.11%
Transportation Services-non-elderly	59,582	5.83%	42,780	4.26%
Nutrition Services:				
Congregate Meals	98,782	9.66%	78,344	7.80%
Home-delivered Meals	150,615	14.74%	142,423	14.19%
Family Caregiver Support	13,847	1.35%	19,096	1.90%
Other Health, Welfare & Social Services	11,232	1.10%	43,650	4.35%
Direct Administrative Expenses	231,424	22.64%	252,576	25.16%
Total Expenses	1,022,154	100.00%	1,003,853	100.00%
Increase (Decrease) in Net Position	74,346		82,223	
Net position, beginning of year	941,671		859,448	
Net position, end of year	\$ 1,016,017		\$ 941,671	

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

As illustrated by the table above, the Council got most of its FY 2018 revenues from property taxes (45%). The **property tax revenue** can be used for any of the Council's programs or services. The second largest source of revenues came from **operating grants and restricted contributions** (41%) and must be used specifically in the programs to which they relate. **Unrestricted grants and contributions** represent about 11% of gross revenues and decreased slightly (\$1,717) versus last year. **Charges for services** arise from fees the Council has charged for providing a particular service and this revenue source is used to pay for the expenses of the programs for which the fees were charged. This source of revenue increased by \$1,797 from last year. **Capital grants and contributions** had no activity this year or last year. **Other general revenues** increased (\$8,648) this year primarily because of the sale of several vehicles.

The expenses in the table above have been presented by primary programs, with some additional details about the subprograms. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocations were made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year and last year. The expense allocations are a good indication of the demand for each type of service.

The Council had a \$74,346 increase in its net position for 2018, whereas the increase in net position for 2017 was \$82,223. There is a reconciliation (Exhibit E) that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) that presents an analysis of why there are differences between that particular fund financial statement and the government-wide Statement of Activities (Exhibit B) for 2017.

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are transportation, homemaker, and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Washington Parish and right now these services are in the greatest demand.

Another area of interest on the Statement of Activities relates to the *Total Governmental Activities* column wherein the Council shows that all but two of the governmental activities have more expenses than revenues. In other words, the Council's programs are generally not self-supporting. However, on occasion, a program might *break even* or even make a *profit*. The Council's ability to support all governmental activities relies heavily on general revenues, particularly the local property tax. As a result, management prepares the annual budget based on this expectation, which means that general revenues will be used to cover the excess of expenses over revenues in

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

these activities. Without the property tax revenue and the unrestricted grants and contributions, the Council would be unable to provide services at current levels. Furthermore, the general nature of these revenues allows for management discretion as to how to use them to pay for the Council's current services as well as reallocating them to meet changing demands.

Another indication of how money is used efficiently or inefficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2018, total administration expenses were \$231,424 or about 23% of total expenses, whereas these administration expenses were \$252,576 or about 25% of total expenses in 2017. These percentages are within the range that management expected and are *in line* with those of a typical council on aging. Administration expenses include indirect-type costs, which are costs that are not specifically identified with a particular program but benefit all programs.

AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund Balances

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances for all fund types of \$852,664, which is an increase of \$17,853 when compared to last year. The \$17,853 increase is 100% attributable to the Council's General Fund. There were no changes in the fund balances for the special revenue funds. The unassigned fund balance component of the General Fund was \$842,424 and is available for spending at management's discretion. The remainder of the fund balance consists of \$1,132 of nonspendable resources and \$9,108 of restricted resources.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Revenues

The combined fund revenues increased \$15,840 this year versus last year, as shown in the table below.

	% of 2018		% of 2017		Increase/(Decrease)	
	2018	Total	2017	Total	Amount	Percent
Intergovernmental	\$ 530,887	47.39%	\$ 547,635	49.58%	\$ (16,748)	-3.06%
Property Taxes	513,029	45.79%	500,765	45.34%	12,264	2.45%
Program Service Fees	13,818	1.23%	12,021	1.09%	1,797	14.95%
Public Support	35,932	3.21%	34,274	3.10%	1,658	4.84%
Interest Income	4,183	0.37%	2,587	0.23%	1,596	61.69%
Sale of Capital Assets	12,382	1.11%	600	0.05%	11,782	100.00%
Building Rent	6,300	0.56%	6,100	0.55%	200	3.28%
Miscellaneous	3,832	0.34%	541	0.05%	3,291	608.32%
Total Revenues	\$ 1,120,363	100.00%	\$ 1,104,523	100.00%	\$ 15,840	1.43%

Most of the Council's activities were funded by federal, state, and local grants, which comprise the Council's intergovernmental revenues. Most of these grants are restricted, which means that the money can only be used in certain programs.

The \$16,748 net decrease in **intergovernmental revenue** was primarily due to the Council receiving \$19,739 of FEMA funds last year from Louisiana Public Assistance to help with the flood damages that occurred in FY16. This grant was not repeated in FY18.

Property tax revenue represents a significant revenue source in both years. The 2018 amount increased \$12,264 over the 2017 amount. The usual trend is that the assessed value for the taxable property in the parish increases each year, which produces an increase in the property tax revenue. The Council has no control over how much it receives from property taxes each year. Occasionally, there are disputes between the taxpayers and the parish assessor that might take several years to resolve that result in unexpected revenues in later years. As a result, some amounts related to this year's property tax might be collected in future years. Typically, these amounts are not significant.

Program service fees arise from the Council charging for transportation services. This year's total amount increased by \$1,797 or about 15% when compared to last year. The revenue for this category will fluctuate each year based on the demand from the public for transportation services.

The Council also receives **public support** in the form of voluntary restricted and unrestricted donations from its clients and the general public. Public support allows the Council to maintain

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

and expand services. This year public support increased by \$1,658, which was primarily due to \$3,560 more in client contributions which was offset by a reduction (\$1,173) in general public donations and fundraising (\$690).

The other revenue categories represent about 2% of the total revenues the Council received and do not have any individual items that are noteworthy of discussion.

Expenditures

Total expenditures increased by \$82,259 this year, as shown in the table below.

	% of 2018		% of 2017		Increase/(Decrease)	
	2018	Total	2017	Total	Amount	Percent
Personnel	\$ 568,520	51.57%	\$ 570,612	55.93%	(2,092)	-0.37%
Fringe	57,422	5.21%	57,045	5.59%	377	0.66%
Travel	13,437	1.22%	15,826	1.55%	(2,389)	-15.10%
Operating Services	111,549	10.12%	118,498	11.61%	(6,949)	-5.86%
Operating Supplies	76,134	6.91%	75,570	7.41%	564	0.75%
Other Costs	67,728	6.14%	56,753	5.56%	10,975	19.34%
Full Service	15,728	1.43%	20,243	1.98%	(4,515)	-22.30%
Meals	89,823	8.15%	72,825	7.14%	16,998	23.34%
Utility Assistance	246	0.02%	570	0.06%	(324)	-56.84%
Capital Outlay	43,473	3.94%	9,693	0.95%	33,780	348.50%
Intergovernmental	58,450	5.30%	22,616	2.22%	35,834	158.45%
	<u>\$ 1,102,510</u>	100%	<u>\$ 1,020,251</u>	100%	<u>\$ 82,259</u>	8.06%

Personnel expenditures decreased this year (\$2,092). The Council usually employs about 32 people at any given time during the year and no significant raises were given this year.

Fringe expenditures increased slightly this year mainly due to a \$672 increase in workman's compensation premiums and a decrease (\$257) in payroll taxes.

Travel expenditures decreased this year because there was less employee travel to provide services, particularly homemaker, which resulted in a decrease in mileage reimbursements.

Operating service expenditures decreased \$6,949 or about 6% from last year. Some of the more notable changes included vehicle maintenance (\$9,052 decrease), vehicle insurance (\$4,779 increase), equipment maintenance (\$2,130 decrease), garbage disposal (\$924 increase), and utilities (\$1,649 decrease).

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Operating supplies expenditures increased by \$564, which is a very small percentage increase over last year. Within this category, there were some significant changes. Small dollar equipment purchases decreased by \$6,730 and office supplies were \$12,196 less than last year. These large decreases were offset by increases in other expenditure categories. The other categories where increases occurred were: kitchen supplies \$1,242, vehicle supplies \$6,739, vehicle tires \$1,708, and vehicle fuel \$9,595.

Other costs increased \$10,975 (19%) this year. Some of the most notable increases in this category are legal contract (\$3,425), audit costs (\$3,100), software updates (\$2,054), and janitorial (\$1,000). This category is comprised of a variety of costs.

Full service expenditures decreased \$4,515 when compared to last year because the Council spent less money on caregiver vouchers (\$4,360) in its Family Caregiver Support program.

Meals expenditures increased by \$16,998 when compared to last year. This year the Council served 2,868 more home-delivered meals (49,437 vs. 46,569) and 687 more congregate meals (27,090 vs. 26,403) than it did last year. The average cost per meal (\$4.09) provided for a home-delivered meal increased by about 4 cents per meal.

Utility assistance expenditures consist of helping three people this year. Since the primary utility assistance program funds were transferred to another entity a couple of years ago, the Council does not do very much utility assistance any more.

Capital outlay expenditures were \$43,473 this year because the Council purchased property (\$39,819) next door to the senior center location in Franklinton and a new copier (\$3,654). The purchase of the property was to allow the Council to expand its parking at Franklinton when a new facility is built there in the future.

Intergovernmental expenditures include the amount of funds (\$17,260) withheld by the Sheriff from the Council's property tax proceeds each year to pay a required share of retirement contributions for other public retirement plans in Louisiana as required by law. The Council has no control over this amount and it varies based on the gross property tax revenue collected by the Sheriff on behalf of the Council. In addition, this year the Council also had \$41,190 in intergovernmental expenditures related to the purchase of five (5) FTA vehicles. The vehicles were bought by the Washington Parish Government (WPG) under a grant provided by DOTD. Because the Council gets full use of the vehicle, it had to pay the 15% matching funds on-behalf of the WPG.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

AN ANALYSIS OF THE GENERAL FUND BUDGET

The budget was amended twice during the year. Generally, the budget is amended to account for unanticipated changes in revenues, expenditures, and transfers and to prevent compliance violations under the Council's grants from GOEA and Capital Area Agency on Aging (CAAA).

The budgetary comparison schedule for the General Fund is found on page 62. When you review this schedule, you will note that the original budget forecasted a surplus of \$10,897, whereas the amended budget forecasted break even operations. The noteworthy changes between the original budget and the final amended budget are as follows:

- The amount of property tax revenue originally budgeted was \$504,726, whereas on the final amended budget only \$446,088 was forecasted, which is a \$58,638 decrease. When the original budget is prepared the Council uses past history to estimate property tax revenues for the next year. Later in the year, the tax assessment is made and more reliable information becomes available so the Council amends the amount to more closely reflect what is likely to be received.
- The final budget accounted for \$3,107 more in personnel costs and \$3,945 more in other costs.
- Transfers from the General Fund to various special revenue funds were lowered by \$49,024 when the budget was amended to reflect lower costs in those programs.

The actual results for the year were favorable when compared to the amended budget. Overall the Council experienced a net favorable variance of \$17,853. Some of the reasons for the actual results having a net favorable variance with the amended budget are as follows:

- Actual property tax revenues were \$66,941 more than budgeted.
- Actual rural transportation grant revenues were \$18,159 more than budgeted.
- Other revenues from program service fees, interest income, building rent, and miscellaneous sources were \$13,633 more than expected.
- Actual total expenditures were \$116,471 more than budgeted total expenditures. Most of this increase can be explained by an increase in capital outlay (\$43,473), intergovernmental expenditures (\$43,709) and personnel expenses (\$11,910).
- Actual transfers to other programs in the various special revenue funds were \$14,131 less than expected. On the other hand, the General Fund received a \$19,928 transfer from the Title III E Fund at the end of the year, which was not anticipated.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the year, the Council had \$121,272 in capital assets, net of accumulated depreciation, which is an increase from last year of \$19,915. The increase is attributable to the current year's asset acquisitions (\$43,473) being greater than its depreciation (\$17,558) and loss (\$6,000) on the disposition of capital assets that had not been fully depreciated.

	<u>2018</u>	<u>2017</u>	<u>Increase / (Decrease)</u>
Vehicles	\$ 6,803	\$ 22,005	\$ (15,202)
Equipment	15,328	16,480	(1,152)
Building and Improvements	90,141	53,872	36,269
Land	9,000	9,000	-
	<u>\$ 121,272</u>	<u>\$ 101,357</u>	<u>\$ 19,915</u>

The Council had three vans titled in its name at the end of the fiscal year, which are included in capital assets. The Council also has the use of eleven additional vans, at year-end, which are owned by the Town of Franklinton or Washington Parish Government (WPG), which are not included in the capital assets of the Council. This year the Council received the use of five (5) new transportation vehicles from the WPG and sold six vans that were titled in the name of the Council.

Debt Administration

The Council did not have any long-term debt related to its capital assets and does not like to incur any debt as a matter of financial stewardship.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Council receives most of its funding from property taxes and federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of services provided by the Council, and therefore, revenues may vary from year to year. All of the Council's grants and contracts from the usual federal and state agencies have been awarded for FY 2019 and management is unaware of any significant adverse changes to the funding levels or terms of these grants and contracts.

For FY 2019, the Council has budgeted *break-even* operations with revenues of \$1,101,904 and expenditures of \$1,101,904. In setting its budget for fiscal year 2019, it was important to

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

management that at least the same levels of service be delivered to clients and the public as were provided in 2018. There are no plans to add or terminate any programs in 2019. The budget has been approved by Capital Area Agency on Aging.

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide governmental agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Nancy McBeth, Executive Director at 603 Willis Avenue, Bogalusa, Louisiana 70427, by phone at (985)732-6869, or email at nmcbeth@bellsouth.net.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Exhibit A

Statement of Net Position
Washington Council on the Aging, Inc.
Bogalusa, Louisiana
June 30, 2018

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Investments	\$ 796,339
Receivables:	
Property taxes	1,901
Capital Area Agency on Aging	36,699
GOEA	1,200
Washington Parish Government	18,205
Other entities - transportation services	2,090
Lynn's Enterprise - sale of vans	9,171
Prepaid expenses	1,132
Prepaid expense for vehicle usage - current portion	9,417
Total current assets	876,154
Capital Assets:	
Land	9,000
Other capital assets, net of accumulated depreciation	112,272
Total capital assets	121,272
Other Asset - prepaid expense for vehicle usage	32,664
Total Assets	1,030,090
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	12,635
Accrued payroll taxes and related liabilities	1,438
Total current liabilities	14,073
<u>NET POSITION</u>	
Net investment in capital assets	121,272
Restricted for:	
Senior Citizen Activities	2,538
Utility Assistance	6,570
Unrestricted	885,637
Total Net Position	\$ 1,016,017

The accompanying notes to the basic financial statements are an integral part of this statement.

Statement of Activities
Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018

Functions/Programs	Program Revenues					Total Governmental Activities	Net (Expense) Revenue and Increase (Decrease) in Net Position
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities							
Health, Welfare & Social Services:							
Supportive Services:							
Transportation of the elderly	\$ 324,726	\$ 111,902	\$ 0	\$ 221,744	\$ 0	\$ (214,884)	
Homemaker	99,690	35,040	0	36,870	0	(97,860)	
Information and Assistance	16,605	5,837	0	4,240	0	(18,202)	
Outreach	7,439	2,615	0	4,099	0	(5,955)	
Telephoning	5,616	1,974	0	3,665	0	(3,925)	
Medic Alert	2,350	0	0	2,332	0	(18)	
Utility Assistance	246	0	0	701	0	455	
Transportation Services - non elderly:							
General Public	59,582	19,954	13,818	46,530	0	(19,188)	
Nutrition Services:							
Congregate Meals	98,782	32,685	0	35,843	0	(95,624)	
Home Delivered Meals	150,615	21,256	0	59,694	0	(112,177)	
Family Caregiver Support	13,847	161	0	33,935	0	19,927	
Senior Citizen Activities	11,232	0	0	4,327	0	(6,905)	
Administration	231,424	(231,424)	0	0	0	0	
Total governmental activities	\$ 1,022,154	\$ -	\$ 13,818	\$ 453,980	\$ 0	(554,356)	

General Revenues:	
Property taxes, net of \$17,260 withheld by the Sheriff	495,769
Grants and contributions not restricted to specific programs	116,195
Interest income	4,183
Facility rental, net of direct depreciation	5,697
Gain from sale of vehicles	6,382
Miscellaneous	476
Total General Revenues	<u>628,702</u>
Increase (Decrease) in net position	74,346
Net position - beginning of the year	941,671
Net position - end of the year	<u>\$ 1,016,017</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**Fund Balance Sheet
Governmental Funds
Washington Council on the Aging, Inc.
Bogalusa, Louisiana
June 30, 2018**

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Title III E Fund	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 795,244	\$ 0	\$ 1,095	\$ 0	\$ 0	\$ 796,339
Receivables:						
Property taxes	1,901	0	0	0	0	1,901
Capital Area Agency on Aging	0	11,574	0	5,476	19,649	36,699
GOEA	1,200	0	0	0	0	1,200
Washington Parish Government	3,362	14,843	0	0	0	18,205
Other Entities - transportation services	2,090	0	0	0	0	2,090
Lynn's Enterprise - sale of vans	9,171	0	0	0	0	9,171
Prepaid expenditures	1,132	0	0	0	0	1,132
Due from other governmental funds	40,954	0	0	0	0	40,954
Total Assets	\$ 855,054	\$ 26,417	\$ 1,095	\$ 5,476	\$ 19,649	\$ 907,691
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,743	\$ 7,735	\$ 972	\$ 1,090	\$ 1,095	\$ 12,635
Accrued payroll taxes and related liabilities	647	589	123	79	0	1,438
Due to other governmental funds	0	18,093	0	4,307	18,554	40,954
Total Liabilities	2,390	26,417	1,095	5,476	19,649	55,027
Fund Balances						
Nonspendable:						
Prepaid expenditures	1,132	0	0	0	0	1,132
Restricted for:						
Utility assistance	6,570	0	0	0	0	6,570
Senior citizen activities	2,538	0	0	0	0	2,538
Unassigned	842,424	0	0	0	0	842,424
Total Fund Balances	852,664	0	0	0	0	852,664
Total Liabilities and Fund Balances	\$ 855,054	\$ 26,417	\$ 1,095	\$ 5,476	\$ 19,649	
Amounts reported for governmental activities in the statement of net position are different because:						
- Prepaid expenses relating to vehicle usage are not financial resources and therefore are not reported as assets in the governmental funds						42,081
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds						121,272
Net Position of Governmental Activities						\$ 1,016,017

The accompanying notes to the basic financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds**

**Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018**

	<u>General Fund</u>	<u>Title III B Fund</u>	<u>Title III C-1 Fund</u>	<u>Title III C-2 Fund</u>	<u>Title III E Fund</u>	<u>Total Governmental Funds</u>
REVENUES						
Property Taxes	\$ 513,029	\$ 0	\$ 0	\$ 0	\$ 0	\$ 513,029
Intergovernmental:						
Capital Area Agency on Aging (CAAA)	0	83,931	16,049	45,090	33,935	179,005
Governor's Office of Elderly Affairs	112,118	0	0	0	0	112,118
Washington Parish Government	46,530	185,619	0	0	0	232,149
United Way of America	0	0	0	7,615	0	7,615
Public Support (Restricted):						
Client contributions	0	3,400	19,794	6,989	0	30,183
Other general public donations	1,672	0	0	0	0	1,672
Public Support (Unrestricted)	4,077	0	0	0	0	4,077
Program Service Fees (transportation services)	13,818	0	0	0	0	13,818
Interest Income	4,183	0	0	0	0	4,183
Building Rent	6,300	0	0	0	0	6,300
Miscellaneous	3,832	0	0	0	0	3,832
Total revenues	<u>705,559</u>	<u>272,950</u>	<u>35,843</u>	<u>59,694</u>	<u>33,935</u>	<u>1,107,981</u>
EXPENDITURES						
Health, Welfare, & Social Services:						
Current:						
Personnel	43,991	390,690	86,969	46,714	156	568,520
Fringe	4,250	38,921	9,080	5,158	13	57,422
Travel	917	11,596	905	19	0	13,437
Operating services	14,589	67,920	12,825	16,187	28	111,549
Operating supplies	9,189	51,714	7,313	7,906	12	76,134
Other costs	14,366	40,043	7,714	5,185	420	67,728
Full service	0	2,350	0	0	13,378	15,728
Meals	126	0	5,165	84,532	0	89,823
Utility Assistance	246	0	0	0	0	246
Capital Outlay	43,473	0	0	0	0	43,473
Intergovernmental	58,450	0	0	0	0	58,450
Total expenditures	<u>189,597</u>	<u>603,234</u>	<u>129,971</u>	<u>165,701</u>	<u>14,007</u>	<u>1,102,510</u>
Excess of revenues over (under) expenditures	<u>515,962</u>	<u>(330,284)</u>	<u>(94,128)</u>	<u>(106,007)</u>	<u>19,928</u>	<u>5,471</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of vehicles	12,382	0	0	0	0	12,382
Operating transfers in	19,928	330,284	94,128	106,007	0	550,347
Operating transfers out	(530,419)	0	0	0	(19,928)	(550,347)
Total other financing sources (uses)	<u>(498,109)</u>	<u>330,284</u>	<u>94,128</u>	<u>106,007</u>	<u>(19,928)</u>	<u>12,382</u>
Net increase (decrease) in fund balances	17,853	0	0	0	0	17,853
FUND BALANCE						
Beginning of year	834,811	0	0	0	0	834,811
End of year	<u>\$ 852,664</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 852,664</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities**

**Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$ 17,853
When capital assets are sold, written-off, or disposed of, there could be a gain or loss on the disposition, which is included within the Statement of Activities. However, governmental funds do not present gains or losses on the disposition of capital assets because they do not represent inflows or outflows of financial resources. This reconciling item represents the book value (\$6,000) of the vehicles at the time of their sale.	(6,000)
Governmental funds report the amounts the Council expends as local <i>matching funds</i> on capital assistance grants, which result in another government obtaining title to the capital assets acquired under the grants, as intergovernmental expenditures. However, because the Council gets to use the capital assets for having paid the required local match, the Council records the amounts it paid in the Statement of Net Position as a prepaid expense, which will be amortized over the estimated useful lives of the capital assets. This reconciling amount represents the amount by which the intergovernmental expenditures for matching funds (\$41,190) exceeded the amortization expense for the use of the capital assets (\$4,611) this year.	36,579
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which Capital Outlay (\$43,473) exceeds depreciation (\$17,559) this year.	25,914
	25,914
Increase (Decrease) of Net Position of Governmental Activities	\$ 74,346

The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Washington Council on the Aging, Inc.

Bogalusa, Louisiana

June 30, 2018

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies

The accounting and reporting policies of the Washington Council on the Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

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 in Washington 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 and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), Capital Area Agency on Aging-District II, Inc. (CAAA), 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 Washington Parish.

The primary services provided by the Council to the elderly residents of Washington Parish include providing transportation, homemakers, information and assistance, outreach, telephoning, utility assistance, medic alert units, congregate and home-delivered meals, and family caregiver support. The Council also provides various types of transportation services to the general public of Washington Parish.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

The Washington Council on the Aging, Inc. (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on October 5, 1971 and subsequently incorporated on December 15, 1972 under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

A board of directors, consisting of 15 voluntary members who are at least the age of majority and serve three-year terms, governs the Council. Seven of the fifteen members may reside in the Parish Council districts which they represent. Should there be no individuals available for election from any particular Parish Council district, an individual from another Parish Council district may be nominated for election and shall serve until the next election.

The Washington Parish Government (WPG) does not appoint a voting majority of the Council's board and the WPG does not intend to impose its will to affect the operations of the Council. Further, the Washington Parish Government does not provide any specific financial benefits and does not assume any specific financial burdens of the Council. As a result, the Council is not a component unit of the Washington Parish Government.

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

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(Continued)**

Based on the criteria set forth in section 2100, *The Financial Reporting Entity*, of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Council is not a component unit of another primary government, nor does it have any component units that are related to it. Accordingly, the Council has presented its financial statements as a special-purpose, stand-alone government by applying the provisions of section 2100 as if it were a primary government.

c. Basis of Presentation of the Basic Financial Statements

The Council's basic financial statements consist of *government-wide* financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and *fund* financial statements, which report individual major governmental funds and combined nonmajor governmental 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 all been categorized 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.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Position (Exhibit A) and the Statement of Activities (Exhibit B) for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net position (financial position) resulting from the activities of the current fiscal year. Governmental activities are supported primarily by intergovernmental revenues and property taxes.

In the government-wide Statement of Net Position only one column of numbers has been presented for total governmental activities. The numbers are presented on a consolidated basis and represent only governmental-type activities.

The Statement of Net Position has been prepared 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 as

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

follows: (1) invested in capital assets, net of related debt, (2) restricted net position, (3) and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues; such as charges for services, operating and capital grants, and restricted contributions, to derive 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), while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with 2 CFR Part 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (aka the "Supercircular"). The Statement of Activities shows this allocation in a separate column labeled *indirect expenses*.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Property taxes, unrestricted contributions, unrestricted grants, interest income, and miscellaneous revenues that are not included among program revenues are reported instead as general revenues in this statement. If a function or program has a net cost, then it was supported in some manner by the Council's general revenues. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues. The Council did not have any special items this year.

Fund Financial Statements:

The fund financial statements (Exhibits C and D) present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Governmental Accounting Standards Board (GASB) Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(Continued)**

funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. 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. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The 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. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. For this year, management did not elect to include any fund as a major fund that did not qualify. The nonmajor funds, if any, are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified on a hierarchy that shows, from the highest to the lowest, the level or form of constraints on fund balance and accordingly, the extent to which the Council is bound to honor them. They are as follows: nonspendable, restricted, committed, assigned and unassigned.

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

The General Fund is the general operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund. The following is a brief description of the main programs and funding sources that comprise the Council's General Fund:

Local Programs and Funding

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

program of the General Fund. These funds are mostly unrestricted, which means they may be used at management's discretion. Property tax revenues represent the largest component of the Council's local funding. Expenditures that are not chargeable to specific programs because of budget limitations, or because of their nature, are recorded as local program expenditures. Because of their unrestricted nature, local funds are often used as transfers to other programs to eliminate deficits in cases where expenditures exceed revenues. In addition, capital outlay expenditures are usually made with local funds to minimize restrictions on the use and disposition of fixed assets.

PCOA Funding

Parish Council on Aging (PCOA) funds are appropriated annually for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council's management may use this money at its discretion to fund any of its programs provided the program is benefiting people who are at least 60 years old. In FY 2018, the Council received this PCOA grant money (\$37,500) into its General Fund and management transferred all \$37,500 of the funds to the Title III B Fund to help pay for that program's expenditures.

Senior Center and Supplemental Senior Center Funding

Senior Center and supplemental senior center grant funds are also appropriated annually for the Council and remitted to the Council via GOEA. These grant funds can be used at management's discretion to pay for congregate type services of any program involving elderly persons who are at least 60 years old. Accordingly, these funds are initially received by the Council's General Fund and then transferred out to various special revenue funds as needed.

Senior centers are located throughout the parish and are designed to allow the elderly person a place to go to obtain health, welfare and social services. The Council maintains four senior centers in Washington Parish. During the year, management transferred its Senior Center grant funds to the Title III B Fund (\$1,643) and to the Title III C-1 Fund (\$58,462) to help subsidize the cost of providing congregate related services in those funds. In addition, Supplemental Senior Center #1 and #2 grant funds were also split and transferred to the Title IIIB Fund (\$5,776) and Title III C-1 Fund (\$5,136).

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(Continued)**

Medicare Improvement for Patients and Providers Act (MIPPA) Program

The MIPPA program funds are accounted for within the Council's General Fund. The purpose of this program is to provide education and enrollment assistance with regards to the Medicare Improvements for Patients and Provider's Act of 2008 to persons eligible to receive Medicare benefits. To receive the full amount of the grant (\$3,600) the Council had to provide 12 units of service which consisted of hosting outreach, enrollment, and education events in accordance with the specifications, procedures, and requirements outlined in the MIPPA Grant Taxonomy.

Nonelderly General Public Transportation Program

The Council provides a variety of transportation services to the residents of Washington Parish who are under 60 years old for a fee. Transportation services provided to residents who are elderly (at least 60 years old) are accounted for in the transportation program of the Title III B Fund. All other transportation services are accounted for in the *Nonelderly General Public Transportation* program of the General Fund. Most of the people who receive transportation services in this program are under 60 years old and do not qualify for free transportation services under one of the Council's grant programs.

During the fiscal year, the primary transportation services provided under this program consisted of the following:

- Transporting people who individually paid a cash fare for the service. Passengers are charged a fee per one-way trip based on the distance of the trip. In FY 2018 this transportation service generated \$4,229 of program service fees.
- Transporting people on behalf of various entities. The services it provided these entities generated \$9,589 of program service fees.

In addition to the program service fees generated by this program, the Council receives a grant from the Louisiana Department of Transportation and Development (DOTD) which is passed through the Washington Parish Government to the Council for rural transportation services. A portion of this grant (about 18%) was used to pay for the rural transportation costs for nonelderly riders and that amount (\$42,330) has been recorded directly as revenue in the General Fund.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(Continued)**

Utility Assistance

The Washington-St. Tammany Electric Cooperative, Inc. (WST) sponsors a utility assistance program to provide cash to persons who have a hardship in paying their utility bills. WST collects voluntary contributions from its customers and remits the funds to the Council so it can provide utility assistance funds to persons, especially the elderly, who have a hardship in paying their utility bill. The Council's policy is to evaluate the needs of the applicant on a case-by-case basis to determine how much financial assistance to award. On occasion, the Council also might receive restricted contributions from the general public to help fund this program. During the year, the Council received \$701 of contributions from WST to help with utility assistance. The Council expended \$246 to help two people with utility assistance and a purchase one person a heater this year.

Senior Citizen Activities

The Council operates senior centers in Angie, Bogalusa, Franklinton, and Pine. Various recreational activities, such as bingo, crafts, games, and exercise programs, are held at each center before and after lunch. These activities help encourage and promote participation in the other programs and services offered by the Council. In addition, the participants at each of these centers solicit public support and raise funds through activities to help offset the cost of activities not paid for through the primary grant to operate senior centers from GOEA. Examples of the types of activities used to raise these funds include coffee and soft drink sales. The revenues and related expenditures for each senior center's activities are considered restricted for use and are maintained in separate accounts within the Council's general ledger.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

Major Governmental Funds:

Title III B Fund

The Title III B Fund is used to account for funds that are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive services, along with the number of units reported to CAAA during the fiscal year, are as follows:

<u>Type of Service Provided</u>	<u>Units</u>
Information and Assistance	974
Outreach	270
Homemaker	5,137
Telephoning	7,152
Transportation for people age 60 or older	13,427
Medical Alert	106

The sources of revenue that form the basis of this fund are as follows:

- A grant from GOEA via CAAA for *Special Programs for the Aging - Title III, Part B_ Grants for Supportive Services and Senior Centers* (\$83,931).
- A grant from the Louisiana Department of Transportation and Development (DOTD) which is passed through the Washington Parish Government to the Council for rural transportation services. This grant is commonly referred to as *Section 5311* and reimburses the Council 50% of the cost of providing rural transportation services. A portion of this grant (about 82%) was used to pay for the rural transportation costs for elderly riders and that amount (\$185,619) has been recorded directly as revenue in this fund.
- Restricted, voluntary public support (\$3,400) from persons who received homemaker and transportation services under this program.

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Washington Parish. The Council maintains meal-sites in Angie, Franklinton, Pine, and Bogalusa. During the year the Council reported that it

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

provided 27,090 meals and 266 units of nutrition education to people eligible to participate in this program.

The sources of revenue received this year that form the basis of this fund are as follows:

- A grant from CAAA for *Special Programs for the Aging - Title III, Part C-1 - Nutrition Services* (\$16,049).
- Restricted, voluntary public support (\$19,794) from those persons who received congregate meals.

Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council reported to CAAA that it provided 49,437 home-delivered meals and 268 units of nutrition education to people eligible to participate in this program.

The sources of revenue received this year that form the basis of this fund are as follows:

- A grant from CAAA for *Special Programs for the Aging - Title III, Part C-2 - Nutrition Services* (\$45,090).
- A grant from United Way/FEMA to help pay for home delivered meals (\$7,615).
- Restricted, voluntary public support (\$6,989) from those persons who received home-delivered meals.

Title III E Fund

The Title III E Fund is used to account for funds relating to the National Family Caregiver Support program, which is designed to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are related caregivers. During the year, the Council reported to CAAA that it provided 24 units of information and assistance, 1,814 units of in-home respite and 26 units of material aid service under this program. The source of the revenue forming the basis for this fund is a grant (\$33,935) the Council received from GOEA via CAAA for the *Title III, Part E National Family Caregivers Support Program*.

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(Continued)**

Nonmajor Governmental Funds:

The Council did not have any nonmajor governmental funds this year to present in the financial statements.

d. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

Government-Wide Financial Statements - Accrual Basis

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements - Modified Accrual Basis

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. 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. For this purpose, the Council considers revenues to be *available* if they are collected within sixty days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due; and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

e. Interfund Activity

In the fund financial statements, interfund activity is reported as either a loan or transfer. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

f. Cash

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions. Cash is reported at its carrying value, which approximates its fair value.

For the purposes of the Statement of Net Position, restricted cash is an amount received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose. At year-end, the line item *Cash and Investments* on the Statement of Net Position includes \$9,108 of restricted cash. The Council has presented restricted cash as a component of current assets in the Statement of Net Position because it is available for use in current operations.

g. Receivables

The financial statements contain an allowance for uncollectible property tax because management estimates that all of the tax owed the Council will not be collected. This year's allowance amount, if any, has already been applied to reduce the property tax receivable amount presented on the Statement of Net Position (Exhibit A) and the Balance Sheet (Exhibit C).

Management estimates that other receivables presented will be collected in full. However, if management becomes aware of information that would change its assessment about the collectability of these other receivables, management would

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

write off the receivables as bad debts at that time.

h. Investments

GASB Statement 31 requires the Council to report its investments at fair value in the balance sheet, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors. The Council did not own any investments of this type at year-end.

Investments, which include securities traded on a national or international exchange, are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value. The Council did not own any investments of this type at year-end.

However, the Council invested funds in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. However, LAMP, Inc. is subject to regulatory oversight by the state treasurer and its board of directors. For financial statement purposes, LAMP investments are valued and reported at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there are no assurances that LAMP will be able to always achieve this objective. Because of its liquidity, the balance in the LAMP account is classified as a current asset on the Statement of Net Position.

i. Prepaid Expenses & Expenditures

In the government-wide financial statements prepaid expenses include amounts

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(Continued)**

paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Position, depending on when management expects to realize their benefits.

In the fund financial statements, management has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been classified as nonspendable to reflect the amount of fund balance not currently available for expenditure.

For purposes of presenting prepaid expenses in the government-wide statements, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Disbursements made as *matching* payments to acquire vehicles that will be titled to another governmental entity are recorded as a prepaid expense and amortized in the Statement of Net Position to better present the substance of this type of transaction and to keep from distorting the Council's transportation expenses in the Statement of Activities. In contrast, 100% of the *matching* payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received.

j. Capital Assets:

The accounting and reporting treatment used for property, vehicles, and equipment (capital assets) depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

Government-Wide Financial Statements

Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide Statement of Net Position. If the asset was purchased, it is

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

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. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

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 Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment- other than computers	6 to 10 years
Vehicles	5 years
Computer equipment	5 years
Building and improvements	40 years
Nutrition equipment	10 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are disposed of or placed in service.

Fund Financial Statements

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

k. Non-Current (Long-term) Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented elsewhere in these statements. The Council did not have any non-current

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

liabilities at year-end.

l. Unpaid Compensated Absences

The Council's annual leave policy requires employees to consume any annual leave they might earn within the Council's fiscal year. In other words, an employee must *use or lose* any earned leave on or before June 30th of every year. However, sick leave is treated differently. An employee can carryover up to 480 hours (60 days) of unused sick leave each year; however, the Council does not permit an employee to get paid for any unused sick leave upon termination. As a result of these policies, the Council has not accrued a liability for any type of unused leave in the financial statements. The Council's management has established its leave policies in this manner to minimize the Council's exposure to a future liability for which the Council may not have the funds to pay.

m. Deferred Revenue Other Than Property Taxes

The Council reports deferred revenues on both the Statement of Net Position (government-wide) and the Balance Sheet (fund financial statements). Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Position and the Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenue at year-end.

n. Deferred Property Tax Revenue

Deferred property tax revenue represents taxes expected to be collected but not within 60 days after the end of the Council's fiscal year for which the taxes were levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Position, because the related revenues are recognized in the Statement of Activities using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized. The Council did not present any amount this year as deferred property tax revenue because management believes that the amount of property tax revenue that will be collected after August 31, 2018 for the

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

2017 property tax assessment will be immaterial.

o. Advances from Funding Agencies

The Council reports advances from funding agencies on both the Statement of Net Position (government-wide) and the Balance Sheet (fund financial statements). Advances from funding agencies represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to a funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. The Council did not have advances from any funding agency at year-end.

p. Deferred Outflows and Inflows of Resources

Deferred outflows represent the consumption of the Council's net position that is applicable to a future reporting period. Deferred inflows represent the acquisition of net position that is applicable to a future reporting period. The Council did not have any deferred outflows or inflows of resources to report in any of its financial statements this year.

q. Net Position in the Government-Wide Financial Statements

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.

The Council reports three categories of net position, as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion of the debt is included in the same component of net position as the unspent proceeds. At year-end, the Council did not have any borrowings that were related to capital assets.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

- *Restricted net position* - This component reports the amount of net position with externally imposed constraints placed on the 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 legislations.
- *Unrestricted net position* - This component is the balance (deficit) of all other elements in the statement of net position remaining after net investment in capital assets and restricted net position.

r. Fund Equity - Fund Financial Statements

Governmental fund equity is classified as fund balance, which is classified based on the relative strength of the spending constraints placed on how the fund balance resources can be used, as follows:

- *Nonspendable*: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable because they are not expected to be converted to cash.
- *Restricted*: This classification includes amounts for which constraints have been placed on the use of resources and are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.
- *Committed*: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies -
(Continued)**

contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year-end.

- *Assigned:* This classification includes spendable amounts that are reported in governmental funds *other than the General Fund* that are neither restricted nor committed and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose. The Council did not have any assigned fund balance as of year-end.
- *Unassigned:* This classification is the residual fund balance for the General Fund. It also 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.

When fund balance resources are available for a specific purpose in multiple classifications, the Council will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Council's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

s. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

t. 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

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

function or program. Indirect expenses are recorded as direct costs of the Administration function. The 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 expense allocation according to their grant or contract restrictions.

u. 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.

Note 2 - Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are earned using the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting; intergovernmental grant revenues, program service fees (charges for services), and interest income must be 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 generally recorded as revenue in the period received.

Note 3 - Revenue Recognition - Property Tax

During fiscal year 2009, the Council began receiving funds from a property tax that was adopted by the voters of Washington Parish on November 14, 2007, to specifically provide money to finance the Council's operations. The Washington Parish Assessor

began assessing the property tax in 2008 and will continue to do so every year because the tax is perpetual and has no expiration date. The tax is based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1st day of January is used as the date to value the property subject to tax and make the annual assessment.

The gross assessed value as of January 1, 2017, of the certified roll was \$246,974,830. After applying homestead exemptions of \$61,511,098 the net assessed value upon which the Council's property tax was computed was \$185,463,732. The maximum amount the Council may legally elect to assess property owners each year is 2.80 mills. The Council's management elected to have the Parish assess the full 2.8 mills for tax year 2017. Accordingly, management estimated the initial gross amount of property tax owed to the Council for this fiscal year to be approximately \$519,299. However, the initial amount of property tax revenue was later adjusted to \$514,339 by the Sheriff's office to reflect supplements, reductions, and additional adjudicated/exempt taxes. As of August 31, 2018, the Council had collected \$512,656 of the total adjusted 2017 property tax assessment. As a result, the Council's management decided to write-off the uncollected remainder of \$1,683. Current year collections (\$373) of prior years' property taxes, previously written off, resulted in total property tax revenue of \$513,029 being recognized this year's financial statements.

Property taxes are levied in November and are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The Washington Parish Sheriff acts as the collection agent for the Parish's property taxes. The Sheriff will have a *tax sale* each year to collect as much of the taxes due as possible. The tax sale date for Washington Parish for the 2017 tax assessment was June 6, 2018 and the tax liens were recorded shortly thereafter.

For the fund financial statements, property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed (November of each year). As the Sheriff collects the taxes, he forwards them to the Council on Aging where they are recorded as revenues in accordance with the modified accrual basis of accounting. The Council also accrues as current year revenues any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. Accordingly, property tax collections during July and August 2018 were accrued as this year's revenues. The Council did not present any amounts this year as deferred property tax revenue because management estimates this amount only to be about \$1,901, which is immaterial to these financial statements.

For purposes of accruing property tax revenues in the government-wide financial

statements, the Council follows the full accrual basis of accounting. This requires the Council to recognize property tax revenue based on the net assessed value provided by the Parish's assessor less any allowance for uncollectible amounts. Deferred property tax revenue is not recognized in the government-wide statements in contrast to the fund financial statements. If the fund financial statements do not present any amounts for deferred property tax revenues, then the amount of property tax revenues presented in the government-wide statements and the fund financial statements will be the same, which is the case this year.

Property tax revenues of \$513,029 on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) have not been reduced by \$17,260 withheld by the Sheriff for *on-behalf payments for fringe benefits*, which represent the Council's pro rata share of pension plan contributions for other government agencies. Instead, the \$17,260 has been presented as an intergovernmental expenditure on Exhibit D. In contrast, for purposes of the government-wide Statement of Activities (Exhibit B), property tax revenues of \$513,029 were reduced by the \$17,260 of *on-behalf payments* to present a net amount of \$495,769 for general revenues. See Note 8 to these financial statements for more information.

Note 4 - Cash Management, Bank Deposits and Investments

The Council maintains a consolidated bank account at Whitney National Bank to deposit most of the funds it receives and to pay its bills. The consolidated bank account is available for use by all funds and serves to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. A second checking account is maintained to account for Emergency Food and Shelter Program (EFSP) funds.

The Council's policy is to follow state law in an effort to minimize risks associated with bank deposits that exceed those covered by FDIC insurance. Currently, only the first \$250,000 of deposits at each bank are covered by FDIC insurance. Accordingly, the Council's management obtains collateralization for deposits at financial institutions that exceed FDIC insurance.

At June 30, the carrying value of the Council's cash accounts was \$591,663 and the corresponding bank balances totaled \$596,058. The current FDIC coverage is \$250,000 per bank, therefore, \$346,058 of the Council's bank balances were uninsured at year-end. However, the bank pledged securities that had a market value at June 30, 2018, of \$498,260 to cover the uninsured bank balances to comply with state law and the

Council's policy. These securities are being held in a collateral account in the name of the Council at a Federal Reserve Bank.

During the year, the Council might accumulate cash in excess of its immediate needs. To maximize its revenues, the Council's management will invest the excess cash and it has adopted an investment policy that is intended to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds. At year-end, the Council's management had invested \$204,676 in a Louisiana Asset Management Pool (LAMP) account. This type of investment complies with state law and the Council's investment policy.

LAMP is an external investment pool established as a cooperative endeavor to enable public entities in the State of Louisiana an opportunity to combine their funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under Louisiana law. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

GASB Statement No. 40 *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Exhibit F - Continued

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is generally restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM (to reset) for LAMP's total investments is 47 days and the WAM (to final) is 85 days as of June 30, 2018.

- Foreign currency risk: Not applicable to 2a7-like pools.

At June 30, 2018, the Council's cash and investments consisted of the following:

<u>Cash & Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:					
Whitney National Bank - operating	\$ 591,645	\$ 591,645	None	Demand	Category 1
Whitney National Bank - EFSP	18	18	None	Demand	Category 1
Total Cash	591,663	591,663			
Investments:					
LAMP	204,676	204,676	2.01%	Demand	N/A
Total Investments	204,676	204,676			
Total Cash & Investments	\$ 796,339	\$ 796,339			
Unrestricted Purpose	\$ 787,231				
Restricted Purpose:					
Senior Citizen Activities	2,538				
Utility Assistance	6,570				
Total Cash & Investments	\$ 796,339				

As illustrated in the above table, some of the Council's cash and investments are restricted assets for presentation in the Statement of Net Position. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose.

Note 5 - Changes in Capital Assets and Accumulated Depreciation

A summary of changes in capital assets that are being depreciated and their related accumulated depreciation is as follows:

Capital Assets Being Depreciated	Balance June 30, 2017	Additions	Decreases	Balance June 30, 2018
Vehicles	\$ 83,096	\$ 0	\$ (37,530)	\$ 45,566
Equipment	42,341	3,654	(2,995)	43,000
Buildings & Improvements	147,181	39,819	0	187,000
Total Capital Assets	<u>272,618</u>	<u>43,473</u>	<u>(40,525)</u>	<u>275,566</u>
Less Accumulated Depreciation:				
Vehicles	61,091	9,203	(31,531)	38,763
Equipment	25,861	4,806	(2,995)	27,672
Buildings & Improvements	93,309	3,550	0	96,859
Total Accumulated Depreciation	<u>180,261</u>	<u>17,559</u>	<u>(34,526)</u>	<u>163,294</u>
Capital Assets Net of Depreciation	<u>\$ 92,357</u>	<u>\$ 25,914</u>	<u>\$ (5,999)</u>	<u>\$ 112,272</u>

The beginning of the year's amount for vehicles includes \$18,000 for 6 donated, used vehicles that occurred in fiscal year 2016. The vehicles were donated to the Council by other councils on aging to help the Council replace vehicles that it lost in a flood during FY16. During this fiscal year, five of the six donated vehicles were sold, which left only \$3,000 of donated assets on the Council's books at year-end.

The Council's management has reviewed the capital assets and does not believe any of the assets to be impaired as of year-end.

The Council also owns land of \$9,000, which is not subject to depreciation, but is a component of capital assets.

Depreciation was charged to governmental activities as follows:

Administration	\$ 6,175
Supportive Services:	
Transportation of the Elderly	2,357
Nutrition Services:	
Congregate Meals	622
Home-delivered Meals	5,603
Transportation Services - Nonelderly	2,199
Direct offset against rental income	<u>603</u>
Total depreciation expense	<u><u>\$ 17,559</u></u>

The \$6,175 of depreciation associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The supportive, nutrition, and transportation service depreciation amounts are charged as direct expenses to their related programs on the Statement of Activities. Finally, the depreciation of \$603 related to the building that is being rented is offset against the rental income generated by the building, which is not a distinct program of the Council but merely an activity to generate general revenues.

Note 6 - Prepaid Expenditures and Expenses

At year-end, prepaid expenditures in the Balance Sheet (Exhibit C) consisted of the following:

Prepaid insurance	<u>\$ 1,132</u>
Total prepaid expenditures	<u><u>\$ 1,132</u></u>

At year-end, prepaid expenses in the Statement of Net Position (Exhibit A) consisted of the following:

	<u>Current</u> <u>Portion</u>	<u>Noncurrent</u> <u>Portion</u>
Prepaid insurance	\$ 1,132	\$ -
Prepaid vehicle usage	9,417	32,664
Total prepaid expenses	<u><u>\$ 10,549</u></u>	<u><u>\$ 32,664</u></u>

The current portion of prepaid expenses represents the amount that management expects the Council to consume and economically benefit from in the next fiscal year. The noncurrent portion represents the amount that will be amortized in future years.

The difference, if any, between prepaid expenditures and prepaid expenses arises from transactions wherein the Council has put up (in previous years) *matching funds* under capital assistance grants the Washington Parish Government (WPG) entered into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles. The vehicles are titled in the name of the WPG, but the Council uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the Council expends as *matching funds* are first recorded as van deposits in its Fund Balance Sheet when the funds are remitted to DOTD. Upon delivery of the vehicles to the COA, the deposits are reversed as intergovernmental expenditures in the Council's fund financial statements. However, in the government-wide financial statements, the *matching funds* are classified as prepaid expenses and amortized over the estimated useful lives of the vehicles (100,000 miles - approximately 60 months). The Council's management believes presenting the matching transactions in this manner in the government-wide financial statements best presents the economics of the transactions. The WPG and the Council have a written agreement that sets forth the responsibilities of the Council as a subrecipient of FTA/DOTD funds passed through the WPG to the Council relating to the rural transportation program and the use of the WPG's vehicles. This type of cooperative endeavor agreement has been used for many years to provide general public transportation in Washington Parish.

Note 7 - Fund Balances - Fund Financial Statements

At year-end, the General Fund has restricted funds for senior citizen activities (\$2,538) and utility assistance (\$6,570). In addition, nonspendable fund balance amounts existed relating to prepaid expenditures of \$1,132.

None of the special revenue funds had any fund balance at June 30, 2018. Typically, these fund balances are cleared at year-end to comply with the terms of the grants that provide money to these funds.

Note 8 - On-Behalf Payments for Fringe Benefits

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law (RS 11:82) requires the Council to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Council's pro-rata share of the required contribution was \$17,260 that was withheld

by the Washington Parish Sheriff from property tax collections to satisfy the Council's obligation.

The Sheriff withholds the entire amount of this obligation from the first remittance it makes to the Council each year even though some of the property taxes may never be collected. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure. The amount withheld by the Sheriff represents *intergovernmental* expenditures of the General Fund on Exhibit D.

The following list presents the retirement systems that were funded by the Council's property tax revenues in FY 2018:

Assessor's Retirement Fund	\$ 2,023
Clerks' of Court Retirement & Relief Fund	1,522
District Attorney's Retirement System	1,162
Municipal Employees' Retirement System	1,522
Parochial Employees' Retirement System	1,522
Registrar of Voters Employees' Retirement System	380
Sheriffs' Pension & Relief Fund	3,043
Teachers' Retirement System	6,086
	<u>\$ 17,260</u>

Note 9 - In-Kind Contributions

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

The Council received an in-kind contribution in the form of free use of the meal site at Pine. Several years ago the donor estimated the value of the free use of this meal site to be \$250 per month and the Council has continued to use this value each year. If this in-kind contribution had been recorded in the Statement of Activities its annual allocation would have been \$3,000 for Nutrition Services – Congregate Meals. The Council also

received an in-kind contribution in the form of free rent and utilities at its Bogalusa senior center from the City of Bogalusa. In a letter dated July 1, 2005 the City's mayor valued these free services at \$1,500 per month. In addition, the City permits the Council to house its vans on the premises and the mayor also estimated the value of the *garage fee* to be \$350 per month. The Bogalusa senior center is the main location from which the Council operates its transportation programs. Accordingly, \$1,850 per month (\$22,200 annually) of in-kind donations from the City has been attributed to the Council's transportation programs since July 1, 2005.

The Council also receives in-kind support for its transportation programs in the form of free usage of vehicles owned by another governmental entity (either the Town of Franklinton or the Washington Parish Government). The vehicles owned by the other governmental entities were all acquired under capital assistance grants wherein the federal government paid for 80% to 100% of the vehicle's cost and the remainder, if any, had to be paid for by the Council with local *matching* funds. In return for putting up the matching funds, the other entities permit the Council to use the vehicles. Therefore, the Council is receiving an in-kind contribution from the other governmental entities represented by a portion of the cost of the vehicles paid directly by the federal government. Management has estimated the in-kind use of the other governmental entities' vehicles to be \$28,209 for the fiscal year. The estimate was derived by first determining the amount the federal government paid for its share of the cost for the vehicles. Then, the amount of *federal match* for each vehicle was amortized from the date at which the Council began using each vehicle using a 5 year (approximately 100,000 miles) estimated useful life. The amount for the period July 1, 2017, through June 30, 2018, was deemed to be the value of the in-kind contribution for vehicle usage. If the in-kind contribution for the vehicles had been recorded in the Statement of Activities, the allocation of the value of the contribution amongst the Council's transportation programs would have been \$24,442 for Elderly Transportation and \$3,767 for Nonelderly Transportation.

Note 10 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursement for out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

Note 11 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxes under

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

The Council does not file a Form 990 because the Council has been determined by the Internal Revenue Service to be an *affiliate of a governmental unit* within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

Note 12 - Judgments, Claims, and Similar Contingencies

As of June 30, 2018, the Council's management has no knowledge of any pending litigation, lawsuits, or claims against the Council. Furthermore, the Council's management believes that any unexpected lawsuits or claims that might be filed against the Council would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 13 - Contingencies - Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 14 - Economic Dependency

One of the Council's largest sources of revenue is from a property tax, which it began to receive in FY 2009. If the property in Washington Parish were to be assessed at lower values due to natural disaster or another unpredictable event, the amount of property tax revenue that the Council receives could be adversely affected. Management is not aware of any actions or events that will adversely affect next year's property tax revenue.

The Council also receives significant intergovernmental revenue directly from GOEA,

indirectly from grants administered by Capital Area Agency on Aging (CAAA) on behalf of GOEA, and indirectly from the Louisiana Department of Transportation and Development (DOTD). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts or changes to the formulas for awarding funds are made at the federal or state level, or the Council loses or fails to reapply for a grant, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any budget cuts or formula changes that would adversely impact the usual amount of revenues the Council receives from its grants for next year.

Note 15 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; business interruption; and certain natural disasters, including floods. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's insurance coverage does not cover earthquakes and terrorism.

Note 16 - Deferred Compensation Plan

The Council and its qualified employees participate in the State of Louisiana's Public Employees Deferred Compensation Plan (the Plan), which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Great-West Life and Annuity Insurance Company administers the plan. The Plan is available to all employees who have worked at least six months. The Plan permits participating employees to defer up to the lesser of (1) 100% of their compensation or (2) \$18,000 (\$24,000 if over 50 years of age) per year. In addition, the Council will *match* one-half of any percentage less than or equal to 6% of a participant's deferral amount. All amounts contributed to the Plan by the employees and the Council are non-forfeitable thereby making them 100% vested to the employees. During this year, \$4,865 was contributed to the Plan via employee salary deferrals. The Council contributed \$1,856 as its matching share. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. Participation in the deferred compensation plan is at the option of each employee. The Council does not guarantee the benefits of any amounts contributed to the plan.

Note 17 - Lease Commitments

On June 5, 2003 the Council entered into a joint endeavor agreement with the City of Bogalusa (the City) wherein the Council will lease (at a rate of \$1 per year) from the City a building known as the Bogalusa Senior Center. The initial period of the lease was for 5 years and renews automatically at the end of each five-year period. Terms of the lease require the Council to (1) pay for all the utilities of operating the building, (2) pay for repairs that cost less than \$301, (3) be responsible for the daily maintenance and cleaning, and (4) furnish property and liability insurance coverage for the building and the Council's personal property contained therein.

However, beginning in October 2004, the City relieved the Council of paying for the monthly utilities for this location and began paying them on behalf of the Council. Furthermore, beginning July 1, 2005 the City eliminated the \$1 annual rent payment. See Note 9 (In-kind Contributions) in this report for additional information about the arrangement the Council has with the City relating to this facility.

The Council also leases its telephone systems in Bogalusa and Franklinton. The Bogalusa lease was signed on January 13, 2017 and requires the Council to pay \$110.21 per month for 60 months beginning in February 2017. The Franklinton lease was signed on July 26, 2016 and requires the Council to pay \$108.93 per month for 60 months beginning in September 2016. Under both leases the Council is required to maintain property insurance coverage on the equipment and pay any required property taxes that might be charged on the equipment. At the end of the lease terms, the Council has the option of purchasing the equipment at the fair market value or returning the equipment. Management is unsure which option it will exercise at this time, but will likely return the equipment. During fiscal year 2018, the Council paid \$2,630 in monthly rent charges under these leases.

Future minimum lease payments by fiscal year and in the aggregate, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	2,630
2020	2,630
2021	2,629
2022	989
Total minimum future lease payments	<u>\$ 8,878</u>

Note 18 - Interfund Receivables and Payables - Fund Financial Statements

Because the Council operates its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans. A summary of these interfund loans, at year-end, is as follows:

	<u>Receivable From</u>	<u>Payable To</u>
General Fund:		
Major Funds:		
Title III B	\$ 18,093	\$ 0
Title III C-2	4,307	0
Title III E	18,554	0
Totals for the General Fund	<u>40,954</u>	<u>0</u>
Special Revenue Funds:		
Major Funds:		
Title III B:		
General Fund	0	18,093
Title III C-2:		
General Fund	0	4,307
Title III E:		
General Fund	0	18,554
Totals for Special Revenue Funds	<u>0</u>	<u>40,954</u>
Totals for All Funds	<u>\$ 40,954</u>	<u>\$ 40,954</u>

Note 19 - Interfund Transfers

Operating transfers to and from the various funds are as follows for the fiscal year:

	Operating Transfers	
	In From	Out To
General Fund:		
Title III B Fund	\$ 0	\$ 330,284
Title III C-1 Fund	0	94,128
Title III C-2 Fund	0	106,007
Title III E Fund	19,928	0
Total General Fund	<u>19,928</u>	<u>530,419</u>
Title III B-Fund:		
General Fund - Various Local Funds	\$ 285,365	\$ 0
General Fund - Senior Center Grant	1,643	0
General Fund - Suppl. Senior Center Grant	259	0
General Fund - Suppl. Senior Center Grant #2	5,517	0
General Fund - PCOA Grant	37,500	0
Total Title III B Fund	<u>330,284</u>	<u>0</u>
Title III C-1 Fund:		
General Fund - Various Local Funds	\$ 30,530	\$ 0
General Fund - Senior Center Grant	58,462	0
General Fund - Suppl. Senior Center Grant	2,841	0
General Fund - Suppl. Senior Center Grant #2	2,295	0
Total Title III C-1 Fund	<u>94,128</u>	<u>0</u>
Title III C-2 Fund:		
General Fund - Various Local Funds	\$ 106,007	\$ 0
Total Title III C-2 Fund	<u>106,007</u>	<u>0</u>
Title III E Fund:		
General Fund	\$ 0	\$ 19,928
Total for Title III E Fund	<u>0</u>	<u>19,928</u>
Grand Totals	<u>\$ 550,347</u>	<u>\$ 550,347</u>

Transfers are used to (a) 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 (b) shift unrestricted revenues collected in the General Fund to finance various programs accounted for by special revenue funds to eliminate program deficits.

These transfers were eliminated as a part of the consolidation process in preparing the government-wide financial statements.

Note 20 - Related Party Transactions

There were no related party transactions during the fiscal year.

Note 21 - Purchase Commitments

The Council had no deposits for vehicles to be purchased under a federal public transportation capital assistance program for elderly and disabled persons at June 30, 2018.

Note 22 - Subsequent Events

Management has evaluated subsequent events through December 14, 2018, which is the date the financial statements were available to be issued. There were no events that required disclosure.

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION BY GASB 34

Budgetary Comparison Schedule - General Fund

Washington Council on the Aging, Inc. Bogalusa, Louisiana For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final (Amended)	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 504,726	\$ 446,088	\$ 513,029	\$ 66,941
Intergovernmental:				
Governor's Office of Elderly Affairs:				
PCOA - Regular	37,500	37,500	37,500	0
Senior Center	54,314	60,105	60,105	0
Supplemental Senior Center	3,100	3,100	3,100	0
Supplemental Senior Center #2	7,812	7,812	7,813	1
MIPPA	3,000	3,600	3,600	0
Washington Parish Government	26,925	28,371	46,530	18,159
Public Support - restricted	0	0	1,672	1,672
Public Support - unrestricted	10,204	6,600	4,077	(2,523)
Program Service Fees	8,185	8,500	13,818	5,318
Interest Income	0	0	4,183	4,183
Building Rent	6,000	6,000	6,300	300
Miscellaneous	0	0	3,832	3,832
Total Revenues	661,766	607,676	705,559	97,883
EXPENDITURES				
Current:				
Personnel	28,965	32,071	43,991	(11,920)
Fringe	3,272	3,434	4,250	(816)
Travel	129	201	917	(716)
Operating Services	8,901	7,714	14,589	(6,875)
Operating Supplies	5,553	5,286	9,189	(3,903)
Other Costs	5,734	9,679	14,366	(4,687)
Meals	0	0	126	(126)
Utility Assistance	0	0	246	(246)
Capital Outlay	0	0	43,473	(43,473)
Intergovernmental	14,741	14,741	58,450	(43,709)
Total Expenditures	67,295	73,126	189,597	(116,471)
Excess of revenues over expenditures	594,471	534,550	515,962	(18,588)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of vehicles	10,000	10,000	12,382	2,382
Transfers in	0	0	19,928	19,928
Transfers out	(593,574)	(544,550)	(530,419)	14,131
Total other financing sources (uses)	(583,574)	(534,550)	(498,109)	36,441
Net increase (decrease) in fund balance	\$ 10,897	\$ 0	17,853	\$ 17,853
FUND BALANCE				
Beginning of year			834,811	
End of year			\$ 852,664	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final (Amended)	Modified Accrual Basis	Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental:				
Capital Area Agency on Aging	\$ 81,973	\$ 81,973	\$ 83,931	\$ 1,958
Washington Parish Government	204,453	210,007	185,619	(24,388)
Public Support (client contributions)	2,000	2,830	3,400	570
Total Revenues	288,426	294,810	272,950	(21,860)
<u>EXPENDITURES</u>				
Current:				
Personnel	411,696	401,053	390,690	10,363
Fringe	46,341	42,776	38,921	3,855
Travel	13,895	12,022	11,596	426
Operating Services	91,252	77,335	67,920	9,415
Operating Supplies	51,600	49,424	51,714	(2,290)
Other Costs	40,768	41,194	40,043	1,151
Full Service	2,332	2,332	2,350	(18)
Capital Outlay	0	0	0	0
Total Expenditures	657,884	626,136	603,234	22,902
Excess of expenditures over revenues	(369,458)	(331,326)	(330,284)	1,042
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	369,458	331,326	330,284	(1,042)
Transfers out	0	0	0	0
Total other financing sources (uses)	369,458	331,326	330,284	(1,042)
Net increase (decrease) in fund balance	\$ 0	\$ (0)	0	\$ 0
<u>FUND BALANCE</u>				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information

Budgetary Comparison Schedule - Title III C-1 Fund

Washington Council on the Aging, Inc.

Bogalusa, Louisiana

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final (Amended)	Modified Accrual Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging	\$ 16,049	\$ 16,049	\$ 16,049	\$ 0
Public Support	23,542	20,000	19,794	(206)
Total Revenues	39,591	36,049	35,843	(206)
EXPENDITURES				
Current:				
Personnel	90,269	87,847	86,969	878
Fringe	10,322	9,496	9,080	416
Travel	1,275	1,281	905	376
Operating Services	9,130	14,785	12,825	1,960
Operating Supplies	8,091	9,806	7,313	2,493
Other Costs	7,561	8,148	7,714	434
Meals	13,594	5,635	5,165	470
Capital Outlay	0	0	0	0
Total Expenditures	140,242	136,998	129,971	7,027
Excess of expenditures over revenues	(100,651)	(100,949)	(94,128)	6,821
OTHER FINANCING SOURCES (USES)				
Transfers in	100,651	100,949	94,128	(6,821)
Transfers out	0	0	0	0
Total other financing sources (uses)	100,651	100,949	94,128	(6,821)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information

Budgetary Comparison Schedule - Title III C-2 Fund

Washington Council on the Aging, Inc.

Bogalusa, Louisiana

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final (Amended)	Modified Accrual Basis	Final Budget Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental:				
Capital Area Agency on Aging	\$ 45,090	\$ 45,090	\$ 45,090	\$ 0
United Way of America	7,000	7,000	7,615	615
Public Support	5,000	6,000	6,989	989
Total Revenues	57,090	58,090	59,694	1,604
<u>EXPENDITURES</u>				
Current:				
Personnel	60,171	47,606	46,714	892
Fringe	7,369	5,666	5,158	508
Travel	57	52	19	33
Operating Services	13,130	15,967	16,187	(220)
Operating Supplies	10,116	9,616	7,906	1,710
Other Costs	5,778	5,260	5,185	75
Meals	83,835	85,980	84,532	1,448
Capital Outlay	0	0	0	0
Total Expenditures	180,456	170,147	165,701	4,446
Excess of expenditures over revenues	(123,366)	(112,057)	(106,007)	6,050
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	123,366	112,057	106,007	(6,050)
Transfers out	0	0	0	0
Total other financing sources (uses)	123,366	112,057	106,007	(6,050)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
<u>FUND BALANCE</u>				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information

Budgetary Comparison Schedule - Title III E Fund

**Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final (Amended)	Modified Accrual Basis	Final Budget Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental:				
Capital Area Agency on Aging	\$ 30,959	\$ 30,959	\$ 33,935	\$ 2,976
Total Revenues	30,959	30,959	33,935	2,976
<u>EXPENDITURES</u>				
Current:				
Personnel	1,413	1,522	156	1,366
Fringe	159	163	13	150
Travel	61	61	0	61
Operating Services	101	93	28	65
Operating Supplies	55	58	12	46
Other Costs	110	121	420	(299)
Full Service	29,159	29,159	13,378	15,781
Capital Outlay	0	0	0	0
Total Expenditures	31,058	31,177	14,007	17,170
Excess of expenditures over (under) revenues	(99)	(218)	19,928	20,146
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	99	218	0	(218)
Transfers out	0	0	(19,928)	(19,928)
Total other financing sources (uses)	99	218	(19,928)	(20,146)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
<u>FUND BALANCE</u>				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018

Note 1 - Budgetary Reporting

The budget information presented in this 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 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.

- The Capital Area Agency on Aging - District II Inc., (CAAA) notifies the Council each year as to the funding levels for each program's grant award.
- Revenue projections are also made based on grants from GOEA and other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Management makes projections of property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information regarding projected revenues and expenditures has been obtained, the Council's executive director and bookkeeper 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 board meeting generally held before the end of the current fiscal year. The original budget for FY 2018 was approved by the board on June 23, 2017.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- The adopted budget is forwarded to CAAA for compliance approval for the funds that agency will pass through to the Council from GOEA.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, management will automatically re-budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The *match* might be made in one year and the vehicle delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting for governmental funds, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying required supplementary information include the original adopted budget amounts and all subsequent amendments. During the year management amended the budget twice. The Council's Board of Directors approved the first budget amendment for FY 2018 at a special board meeting on January 25, 2018 and the second amendment (final) at a regular board meeting on June 22, 2018. The budget amendments were sent to CAAA for compliance approval and were subsequently approved.
- 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 CAAA and the Governor's Office of Elderly Affairs for funds received under grants and contracts from these agencies. As a part of their compliance, CAAA and GOEA require management to amend the budget in cases where actual expenditures for a particular line item exceed their budgeted amount by more than 10%, unless unrestricted funds are available to *cover* the overrun.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- Budgeted 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 activities may not be budgeted, particularly if they are deemed to be immaterial by management.

SUPPLEMENTARY FINANCIAL INFORMATION FOR GOEA ANALYSIS

**Comparative Schedule of Capital Assets and
Changes in Capital Assets**

**Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018**

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>Capital Assets</u>				
Vehicles	\$ 83,096	\$ 0	\$ (37,530)	\$ 45,566
Equipment	42,341	3,654	(2,995)	43,000
Buildings & improvements	147,181	39,819	0	187,000
Land	9,000	0	0	9,000
Total capital assets	<u>\$ 281,618</u>	<u>\$ 43,473</u>	<u>\$ (40,525)</u>	<u>\$ 284,566</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
Title III B	\$ 1,655	\$ 0	\$ 0	\$ 1,655
Title III C-1	3,882	0	0	3,882
Title III C-2	1,098	0	0	1,098
Title III D	9	0	0	9
PCOA	63,779	0	(2,184)	61,595
Senior Center	840	0	0	840
FTA	18,024	0	(18,024)	0
Local	129,331	43,473	(5,317)	167,487
Donated by Other COAs	18,000	0	(15,000)	3,000
Acquired before 1985	45,000	0	0	45,000
Total investment in capital assets	<u>\$ 281,618</u>	<u>\$ 43,473</u>	<u>\$ (40,525)</u>	<u>\$ 284,566</u>

See Independent Auditor's Report.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY LOUISIANA LAW

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

**Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018**

Executive Director's (Agency Head) Name: Nancy McBeth

Purpose	Amount
Salary	\$ 49,658.70
Benefits-insurance (health and life)	
Benefits-retirement	260.00
Benefits-other (describe) - FICA, LUTA, WORKER'S COMP	3,807.04
Benefits-other (describe)	
Benefits-other (describe)	
Car allowance	
Vehicle provided by government (enter amount reported on W-2)	
Per diem	
Reimbursements	
Travel	447.71
Registration fees	
Conference travel	
Housing	
Unvouchered expenses (example: travel advances, etc.)	
Special meals	
Other	

See Independent Auditor's Report.

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

MEMBER

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



18435 HWY. 22
P.O. BOX 1151
PONCHATOULA, LA 70454
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTEPELIER AVE., STE. B
P.O. BOX 520
ALBANY, LA 70711
(225) 209-6627 • FAX (225) 209-6625

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors,
Washington Council on the Aging, Inc.
Bogalusa, 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, each major fund, and the aggregate remaining fund information of the Washington Council on the Aging, Inc., Bogalusa, Louisiana, (the Council) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control over Financial Reporting

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

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

in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 the Council'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Phil. Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
Ponchatoula, Louisiana
December 14, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018

SUMMARY OF AUDITOR'S REPORTS

- A. Type of auditor's report issued on the financial statements: Unmodified
- B. 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*:
- Internal control over financial reporting:
- Material weaknesses identified? No
 - Significant deficiencies identified? None were reported
- Noncompliance material to the financial statements identified? No
- C. Federal Awards:
Auditor's reports on compliance for each major federal award program and on internal control over federal awards are not applicable because federal award expenditures were less than \$750,000 and a single audit was not required this year.
- D. Was a management letter issued for this year's audit? No

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018

Financial Statement Findings

The auditor did not report any financial statement findings in his audit of the Council's FY 2017 financial statements last year. Therefore, management has nothing to report in this section.

Major Federal Award Program Findings and Questioned Costs

No matters were reported last year because last year's audit was not a Single Audit; therefore, there was no requirement for the auditor to report any findings with respect to major federal award programs.

Management Letter

None was issued last year.

MANAGEMENT'S CORRECTIVE ACTION PLAN
Washington Council on the Aging, Inc.
Bogalusa, Louisiana
For the year ended June 30, 2018

To the following oversight agencies for audit:

State: Legislative Auditor of the State of Louisiana and Governor's Office of Elderly Affairs.

Local: Capital Area Agency on Aging - District II, Inc.

Name and address of independent public accounting firm: Phil Hebert, CPA, APAC, 18435 Hwy 22, Suite 2 Ponchatoula, LA 70454.

Audit period: For the year ended June 30, 2018.

The findings from the June 30, 2018 schedule of findings and questioned costs are discussed below.

FINANCIAL STATEMENT FINDINGS

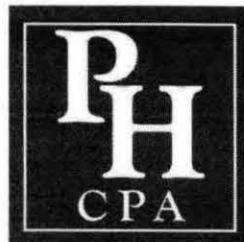
The auditor did not report any findings as a result of this year's audit. Therefore, management has nothing to report in this section.

If there are any questions, please call Nancy McBeth, the Council's Executive Director, at (985) 732-6869 or nmcbeth@bellsouth.net.

WASHINGTON COUNCIL ON THE AGING, INC

Independent Accountant's Report on Applying
Agreed Upon Procedures

As of and for the Year Then Ended June 30, 2018



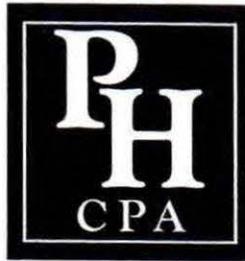
PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
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Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Washington Parish Council on Aging, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Washington Parish Council on Aging, Inc. (the Council) 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, 2017 through June 30, 2018. The Council'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

(The following procedures were not performed since there were no exceptions in the prior year.)

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

(The following procedures were not performed since there were no exceptions in the prior year.)

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

included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted.

Collections

(The following procedures were not performed since there were no exceptions in the prior year.)

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

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

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions noted.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire

of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions noted.

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

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

Results: No exceptions noted.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: No exceptions noted.

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

(The following procedures were not performed since there were no exceptions in the prior year.)

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

Results: The Clerk's office did not have any travel reimbursement.

Contracts

(The following procedures were not performed since there were no exceptions in the prior year.)

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as*

an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted.

Payroll and Personnel

(The following procedures were not performed since there were no exceptions in the prior year.)

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

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

(The following procedures were not performed since there were no exceptions in the prior year.)

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

Debt Service

(The following procedures were not performed since there were no exceptions in the prior year.)

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

Results: The Clerk does not have any debt.

Other

(The following procedures were not performed since there were no exceptions in the prior year.)

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

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.

Phil. Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
Ponchatoula, Louisiana

December 14, 2018