

Financial Report

Lafourche Council on Aging, Inc.
Mathews, Louisiana

June 30, 2018



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lafourche Council on Aging, Inc.
Mathews, 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 Lafourche Council on Aging, Inc., Mathews, 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 20) and budgetary comparison information (pages 64 through 70) 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 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis by the Governor's Office of Elderly Affairs (GOEA). In addition, Louisiana Revised Statute 24:513 (A)(3), as amended, requires the Council to present a 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 19, 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 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.



T.S. Kearns & Co., CPA, PC
Thidodaux, Louisiana
December 19, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
Lafourche Council on Aging, Inc.
Fiscal Year Ended June 30, 2018

The Management's Discussion and Analysis of the Lafourche Council on Aging, Inc.'s (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements, which follow this section.

Financial Highlights

- The Council showed a decrease in overall net position of \$29,086 or less than 1%.
- Net investment in capital assets of the Council increased by \$181,925 or about 149%.
- Administrative expenses decreased by \$2,836 this year or less than 1%.
- The unassigned fund balance for the Council's General Fund decreased by \$207,019 at year-end, which is about a 5% decrease from the prior year.
- Fund revenues increased by \$177,130 or about 6.5%.
- Fund expenditures increased \$414,886 or about 15%.
- No deficit fund balances existed at year-end.
- The Council has no long-term debt.

How to Use This Annual Report

The Council's annual financial report consists of six 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.

The government-wide financial statements, which consist of the Statement of Net Position (Exhibit A) and the Statement of Activities (Exhibit B), 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 supplementary financial information is fairly stated in all material respects in relation to the financial statements as a whole.

On page 76 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 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 report the Council's net position and changes in them.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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.

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 only 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 is comprised of five distinct programs that include supportive services, nutritional services, family caregiver support, disease prevention and health promotion, and senior citizens center operations. There is also a line item for *Other Services and Activities*, which consists of a variety of services that individually do not represent very large expenditures. 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 usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, 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 services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity might be classified as a business-type activity. The Council does not have any business-type activities.

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)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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 presented for governmental activities in the government-wide financial statements. The governmental fund balance sheet (Exhibit C) 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, some GOEA grants, and public donations. General funds are often transferred to special revenue funds to help pay for expenditures that exceed their fund 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, and Title III C-2 Fund as *major* governmental funds. All *nonmajor* governmental funds are presented in one column on the fund financial statements, titled *Nonmajor Funds*. A combining Schedule of Revenues, Expenditures, and Changes in Fund Balance of the nonmajor governmental funds can be found on page 72.

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. For this year, management did not subjectively elevate any nonmajor fund to major fund status for purposes of financial statement presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 27 of this report. They should be read before making assumptions or conclusions about the Council's financial condition.

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 64 to 67). 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.

SUPPLEMENTARY FINANCIAL INFORMATION FOR GOEA ANALYSIS

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present a combining schedule that provides 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 information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council (See pages 72 and 73).

SUPPLEMENTARY INFORMATION REQUIRED BY STATE LAW

Act 706 of the 2014 Louisiana Legislative session amended Louisiana Revised Statute 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

objective is to make the Council's expenditures more transparent.

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	\$ 4,063,330	\$ 4,276,932	\$ (213,602)
Other Assets	7,545	7,545	-
Capital Assets, net of depreciation	303,919	121,994	181,925
Total Assets	<u>4,374,794</u>	<u>4,406,471</u>	<u>(31,677)</u>
Current Liabilities	36,710	39,301	(2,591)
Total Liabilities	<u>36,710</u>	<u>39,301</u>	<u>(2,591)</u>
Net Position:			
Net Investment in Capital Assets	303,919	121,994	181,925
Restricted	472	492	(20)
Unrestricted	4,033,693	4,244,684	(210,991)
Total Net Position	<u>\$ 4,338,084</u>	<u>\$ 4,367,170</u>	<u>\$ (29,086)</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 the end of this year was \$4,338,084, whereas net position as of the end of last year was \$4,367,170. The net position amount as of June 30, 2018 represents a decrease of less than 1% from last year.

About 93% of the Council's net position is unrestricted at the end of this year whereas last year it was 97%. Unrestricted assets are important because they provide management the necessary resources to adapt to changes in the economy, emergencies, unexpected needs, and reduction in or termination of grant revenues by governmental agencies.

Restricted net position is less than 1% of total net position as of June 30, 2018 and 2017. 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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 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 7% of total net position at the end of this year whereas last year it was about 3%.

Current assets decreased by \$213,602 this year. At June 30, 2018 about 99% of the Council's current assets are in cash. The Council's cash at June 30, 2018 is \$205,777 less than cash at June 30, 2017.

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

Condensed Statement of Activities

<u>Revenues</u>	2018	% of Total	2017	% of Total
Program Revenues:				
Operating Grants and Contributions	\$ 742,405	25.92%	\$ 723,808	26.86%
Capital Grants and Contributions	255,793	8.93%	-	0.00%
Charges for Services	912	0.03%	1,148	0.04%
General Revenues:				
Property Taxes, net of pension withholding	1,749,513	61.09%	1,842,989	68.40%
Unrestricted Grants and Contributions	108,024	3.77%	108,346	4.02%
Gain on Sale of Vans	-	0.00%	13,837	0.51%
Interest Income	7,101	0.25%	4,426	0.16%
Total Revenues	\$ 2,863,748	100.00%	\$ 2,694,554	100.00%
<u>Direct Program Expenses of the Health, Welfare, and Social Services Function:</u>				
Supportive Services	1,432,955	49.53%	1,270,418	46.64%
Nutrition Services	850,176	29.39%	829,580	30.46%
Family Caregiver Support	102,963	3.56%	92,171	3.38%
Disease Prevention and Health Promotion	5,623	0.19%	5,588	0.21%
Senior Citizens Center Operations	35,919	1.24%	35,108	1.29%
Other Services and Activities	25,619	0.89%	48,607	1.78%
Direct Administrative Expenses	439,579	15.20%	442,415	16.24%
Total Expenses	\$ 2,892,834	100.00%	\$ 2,723,887	100.00%
Increase (Decrease) in Net Position	(29,086)		(29,333)	
Net Position beginning of the year	4,367,170		4,396,503	
Net Position end of the year	\$ 4,338,084		\$ 4,367,170	

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

Governmental activities decreased the Council's net position by \$29,086 this year whereas it decreased net position by \$29,333 last year.

The largest source of revenue in both years was from a local property tax. The gross proceeds of the property tax were \$1,806,397 for 2018 (\$1,905,773 for 2017). However, the Lafourche Parish Sheriff withheld \$56,884 (\$62,784 for 2017) of the gross proceeds to pay for the Council's pro-rata share of various retirement plan expenses for other governmental agencies. As a result, the Council received net property tax proceeds of \$1,749,513 (\$1,842,989 for 2017).

In the Statement of Activities the net proceeds of the property taxes have been presented as general revenues because this money can be used to benefit any of the Council's programs. Further, management has elected to offset the gross property tax amount with the amount kept by the Sheriff rather than add it to the Council's administrative expenses because it is not a true administrative expense of the Council.

In both years, the second largest source of revenue is comprised of operating grants and contributions. These revenues must be used for the purposes for which they were given or granted to the Council.

The expenses in the table above have been presented by primary programs. 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. The expense allocations are a good indication of the demand for each type of service.

When reviewing the government-wide Statement of Activities (Exhibit B), there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest program activities are supportive services and nutrition services. Accordingly, management allocates funds to these programs because that is where there is 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 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 slight *profit*. The Council's ability to support all governmental activities rely heavily on general revenues, particularly the local property tax. As

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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 these activities. Without the property tax revenues and 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.

An indication of how money is used efficiently or inefficiently can be gained 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 this year, total administration

expenses were \$439,579 or about 15% of total expenses whereas last year's administration expenses were \$442,415, or about 16% of total expenses. These percentages are within the range that management expected and are better than the average for a typical council on aging. Administration expenses include indirect-type costs, which are costs not specifically identified with a particular program but those that 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 \$4,066,461, a decrease of \$208,928 when compared to last year. The Council's total General Fund balance decreased by \$208,928 during the current fiscal year, while the combined fund balances of the Special Revenue Funds had zero change for the year. The unassigned fund balance component of the General Fund was \$4,047,397 and is available for spending at management's discretion. The remainder of the General Fund balance is split between nonspendable (\$15,489), restricted (\$472) and assigned (\$3,103).

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Revenues

The combined fund revenues increased by \$177,130 this year versus last year, as shown in the table below.

	<u>FY</u> <u>2018</u>	<u>% of 2018</u> <u>Total</u>	<u>FY</u> <u>2017</u>	<u>% of 2017</u> <u>Total</u>	<u>Increase / (Decrease)</u>	
					<u>Amount</u>	<u>Percent</u>
Property Taxes	\$ 1,806,397	61.85%	\$ 1,905,774	69.47%	\$ (99,377)	-5.21%
Intergovernmental	951,698	32.59%	685,513	24.99%	266,185	38.83%
Public Support	154,494	5.29%	146,539	5.34%	7,955	5.43%
Program Service Fees	912	0.03%	1,148	0.04%	(236)	-20.56%
Interest Income	7,101	0.24%	4,426	0.16%	2,675	60.44%
Miscellaneous	29	0.00%	101	0.00%	(72)	-1.63%
Total Revenues	<u>\$ 2,920,631</u>	<u>100.00%</u>	<u>\$ 2,743,501</u>	<u>100.00%</u>	<u>\$ 177,130</u>	<u>6.46%</u>

Property tax revenue decreased by \$99,377 this year mainly because businesses in Lafourche Parish have been adversely affected by the decline in oil & gas activity in the parish. As a result, many businesses have moved or closed and this has lowered the tax base or caused a significant amount of taxes to be uncollectible.

Intergovernmental revenues increased by \$266,185 primarily due to an increase of \$255,793 in capital grant revenue from Louisiana Department of Transportation and Development (DOTD). This type of revenue is not a consistent source of revenue and only arises in years when vans are acquired using DOTD grant funds.

Public support increased this year by \$7,955 because of an increase in contributions from clients and the general public. The Council has no control over this type of revenue because it is voluntarily given.

Program service fees decreased this year by \$236 due a decrease in the volume of people receiving transportation services who were required to pay for this service.

Interest income increased this year by \$2,675 due to the Council receiving more interest from the Sheriff on his collection of past due property taxes and an increase in the interest rate paid on cash in the Council's savings account.

Miscellaneous income is not significant so there is nothing noteworthy to discuss.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Expenditures

Total expenditures increased by \$414,886 this year, as shown in the table below.

	% of 2018		% of 2017		Increase / (Decrease)	
	2018	Total	2017	Total	Amount	Percent
Personnel	\$ 1,397,591	44.66%	\$ 1,325,130	48.81%	\$ 72,461	5.47%
Fringe	409,866	13.10%	385,219	14.19%	24,647	6.40%
Travel	75,739	2.42%	78,394	2.89%	(2,655)	-3.39%
Operating Services	156,294	4.99%	152,460	5.62%	3,834	2.51%
Operating Supplies	106,874	3.41%	94,443	3.48%	12,431	13.16%
Other Costs	69,504	2.22%	55,519	2.05%	13,985	25.19%
Full Service	177,204	5.66%	191,498	7.05%	(14,294)	-7.46%
Meals	319,997	10.22%	327,303	12.06%	(7,306)	-2.23%
Utility Assistance	8,275	0.26%	5,964	0.22%	2,311	38.75%
Specific Assistance - Individuals	1,228	0.04%	2,152	0.08%	(924)	-42.94%
Assistance to Senior Citizen Centers	0	0.00%	10,400	0.38%	(10,400)	-100.00%
Lawsuit & Claims Settlements	49,385	1.58%	23,407	0.86%	25,978	110.98%
Capital Outlay	300,718	9.61%	0	0.00%	300,718	0.00%
Intergovernmental	56,884	1.82%	62,784	2.31%	(5,900)	-9.40%
	<u>\$ 3,129,559</u>	<u>100.00%</u>	<u>\$ 2,714,673</u>	<u>100.00%</u>	<u>\$ 414,886</u>	<u>15.28%</u>

This year's **personnel expenditures** increased by \$72,461 or about 5.5% and are well within management's expectations. For 2018 the Council gave an *across the board raise* of 2% to its employees. In addition, all employees that had been in their current position for at least one year and who also received a good review were also given a 1% merit raise. The Council typically employees about 90 people at any given time throughout the year.

The increase of \$24,647 in **fringe benefit expenditures** this year resulted primarily from (1) an increase (\$7,322) in worker's compensation insurance premiums, (2) an increase (\$12,544) in health insurance premiums, and (3) an increase in FICA tax expense (\$6,017) for the Council's employees.

This year's **travel expenditures** are \$2,655 less than last year's travel expenditures. This decrease is not very much overall and varies each year based on the demand for homemaker and home-delivered meals services.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Operating service expenditures increased by \$3,834 this year primarily due to an overall (net) increase in insurance premiums (\$1,910) and dues & subscriptions (\$1,713).

Operating supplies expenditures increased \$12,431 this year primarily due to an increase in the auto supply costs (\$13,055) and operating supply costs (\$3,022). However, these increases were offset by a decrease in office supply costs (\$3,646).

Other costs increased \$13,985 this year primarily due to an increase in professional services (\$3,032), a one-time expenditure of \$5,997 to install bullet proof glass for the reception area, costs associated with having a Senior Olympics (\$1,601) which did not occur last year, and increased audit costs (\$5,000). These increases were offset by a decrease in medical exam costs of \$2,012 and a decrease in bank service charges of \$1,402.

Full service costs decreased this year by \$14,294 primarily because the Council decreased personal care services by \$32,641. This decrease was offset by an increase (\$15,988) to in-home respite services.

Meal expenditures decreased by \$7,306 this year. The number of home-delivered meals provided in 2018 was 89,424 whereas it was 97,200 in 2017. The number of congregate meals served during 2018 was 22,948 versus 23,442 in 2017.

Utility assistance expenditures increased by \$2,311 this year. This type of expenditure increases or decreases based on the demand for this service each year.

Specific assistance to individuals decreased \$924 this year simply because demand for this service decreased when compared to last year.

Assistance to Senior Citizens Centers is an expenditure whereby the Council helped fund a portion of the cost associated with the local senior centers (V.H. Boudreaux, Thibodaux, Raceland, Ward 6, Andrew Johnson and Golden Meadow) during FY17 due to those centers having lost a portion of their annual income. For FY18 the Council did not send any funds to other local senior centers.

Lawsuit and claims settlements increased \$25,978 this year because the nature and extent of the damages involving the accident claims made against the Council required more money to settle them. In FY18 the Council paid \$25,000 as one lump sum to settle an outstanding lawsuit, whereas

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

it did not have a transaction of this magnitude in FY17. The Council has a \$75,000 deductible on its vehicle liability insurance so management expects that the Council will have to pay settlements out-of-pocket from time to time.

Capital outlay expenditures increased \$300,718 this year when compared to last year primarily because the Council acquired three new vans (\$299,504) plus a new computer (\$1,214) this year.

Intergovernmental expenditures decreased \$5,900 this year. The Council's management has no control over this expenditure, which represents the Council's pro-rata share of the costs of retirement plans of other governmental entities. As the amount of property tax revenue increases so do the intergovernmental expenditures.

AN ANALYSIS OF THE GENERAL FUND BUDGET

The budget was amended twice during the year. The primary reasons for amending the budget were to prevent compliance violations under the Council's grants from GOEA and to consider the effects of unexpected increases and decreases in revenues, expenditures, and transfers.

The budgetary comparison schedule for the General Fund is on page 64. When you review this schedule, you will note that the original budget anticipated an excess of expenditures and other uses over revenues and other sources of \$219,273, whereas the final, amended budget projected an excess of revenues and other sources over expenditures and other uses of \$31,453. However, when the budgeted amount is compared to the actual results for the year, the excess of revenues and other sources over expenditures and other uses was \$208,928, which produced an overall net unfavorable variance of \$177,475. The primary reasons for this unfavorable variance are as follows:

- Property taxes collected were \$224,019 less than expected mainly because of a declining tax base in Lafourche Parish produced by poor economic conditions for the oil & gas industry.
- Transfers out to other programs and funds were \$36,036 less than anticipated mainly because of lower service demands in the programs of the various special revenue funds.

The remaining favorable and unfavorable variances within the General Fund are well within the expectations of management and require no further explanation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The noteworthy changes between the original budget and the amended budget are as follows:

- The amount of grant money the Council received from DOTD to acquire new vehicles was increased by \$34,907 to match what the Council actually received in grant funds relating to the acquisition of the new vehicles.
- The amount of GOEA's PCOA grant money originally budgeted was decreased by \$4,017 on the amended budget in order to match the actual amount received for this grant.
- Personnel and fringe expenses were collectively increased by \$14,225 to account for higher than expected costs in these categories.
- The amount budgeted for lawsuits and claims settlements was reevaluated at the time the budget amendment was being prepared and, based on current information, the need for funds in this area was much less than originally anticipated (\$100,000 less budgeted).
- Capital outlay expenditures were increased by \$46,882 to consider the effects of the new vehicle acquisitions once their final costs were known.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Council's investments in capital assets for its governmental activities as of the end of this year and last year are illustrated in the following table.

	<u>Capital Assets, Net of Depreciation</u>		
	<u>2018</u>	<u>2017</u>	<u>Increase/ (Decrease)</u>
Vehicles	\$ 300,890	\$ 119,190	\$ 181,700
Furniture and equipment	3,029	2,804	225
	<u>\$ 303,919</u>	<u>\$ 121,994</u>	<u>\$ 181,925</u>

This year the Council purchased five (5) new transportation vehicles and a new computer for transportation use. At year-end, the Council owned twenty-six vehicles, sixteen of which are fully depreciated. For FY 2019 the Council anticipates acquiring five vehicles, which are expected to cost

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

about \$60,000 each. FTA will pay for 85% of each vehicle and the Council's share will be 15% of each vehicle's cost.

Debt Administration

The Council has no long-term debt. Management does not like to incur debt as a matter of good financial stewardship.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- Consideration of the proceeds to be received from property tax revenues.
- Consideration of other funding from the GOEA, other grants and private contributions.
- Salaries based on the number of employees needed to provide services and the related fringe benefits.
- The extent of travel reimbursements.
- The demand for particular services the Council provides and related costs.
- Estimate of operating supplies needed to perform necessary services.
- The need to purchase new or replacement vehicles and other capital assets.
- The possible damages for unknown lawsuit and claims settlements as well as an estimate to settle those that were in process at year-end.

Next year's budgeted revenues are \$3,248,746 and budgeted expenditures are \$3,445,007. Accordingly, the Council is budgeting an operating deficit of \$196,261. The Council has a sufficient unassigned fund balance that allows it to budget a deficit for next year. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for next year.

The Council receives most of its annual funding from federal, state, and local agencies and its property tax. Management is not aware of any significant increases or decreases associated with any of the usual revenue sources that will impact next year's budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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:

Charlene R. Rodriguez, Executive Director
P. O. Box 500
Raceland, LA 70394
985-532-0459 or lafcoadirector@viscom.net

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Exhibit A

Statement of Net Position
Lafourche Council on Aging, Inc.
Mathews, Louisiana
June 30 , 2018

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 4,032,021
Receivables:	
Lafourche Parish Sheriff - property taxes	23,327
Other Sources	38
Prepaid expenses	7,944
Total current assets	4,063,330
Workman's compensation insurance security deposit	7,520
Storage unit deposit	25
Capital assets, net of accumulated depreciation	303,919
Total Assets	<u>4,374,794</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	1,083
Payroll withholdings	3,331
Compensated absences	32,296
Total current liabilities	<u>36,710</u>
<u>NET POSITION</u>	
Net investment in capital assets	303,919
Restricted for utility assistance	472
Unrestricted	4,033,693
Total Net Position	<u>\$ 4,338,084</u>

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

Statement of Activities

Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2018

Functions/Programs	Direct Expenses	Indirect Expenses	Program Revenues			Capital Grants and Contributions	Net Revenue (Expense) and Increase (Decrease) in Net Position
			Charges for Services	Operating Grants and Contributions			
Governmental Activities							
Health, Welfare & Social Services:							
Supportive Services:							
Transportation	\$ 787,557	\$ 142,665	\$ 912	\$ 96,827	\$ 255,793	\$ (576,690)	
Homemaker	498,229	111,626	0	60,475	0	(549,380)	
Legal Assistance	5,202	0	0	5,202	0	0	
Information and Assistance	35,690	6,034	0	2,002	0	(39,722)	
Material Aid	14,860	3,279	0	1,088	0	(17,051)	
Medical Alert	9,955	0	0	740	0	(9,215)	
Outreach	6,226	1,211	0	402	0	(7,035)	
Utility Assistance	20,995	2,456	0	3,498	0	(19,953)	
Personal Care	54,241	0	0	4,059	0	(50,182)	
Nutrition Services:							
Congregate Meals	285,562	49,007	0	151,360	0	(183,209)	
Home Delivered Meals	564,614	68,933	0	275,762	0	(357,785)	
Family Caregiver Support	102,963	569	0	40,471	0	(63,061)	
Disease Prevention and Health Promotion	5,623	0	0	5,618	0	(5)	
Senior Citizens Center Operations	35,919	8,035	0	43,792	0	(162)	
Other Services and Activities	25,619	4,584	0	9,929	0	(20,274)	
Administration	439,579	(398,399)	0	41,180	0	0	
Total governmental activities	\$ 2,892,834	\$ 0	\$ 912	\$ 742,405	\$ 255,793	\$ (1,893,724)	
General Revenues:							
Property taxes, net of \$56,884 withheld by the Sheriff for pensions					1,749,513		
Grants and contributions not restricted to specific programs					108,024		
Interest Income					7,101		
Total general revenues						1,864,638	
Increase (Decrease) in net position						(29,086)	
Net position - beginning of the year						4,367,170	
Net position - end of the year						\$ 4,338,084	

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

FUND FINANCIAL STATEMENTS

**Fund Balance Sheet
Governmental Funds**

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
June 30, 2018**

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash	\$ 4,029,001	\$ 720	\$ 694	\$ 1,586	\$ 20	\$ 4,032,021
Receivables:						
Lafourche Parish Sheriff - property taxes	23,327	0	0	0	0	23,327
Other sources	38	0	0	0	0	38
Due from other governmental funds	1,948	0	0	0	0	1,948
Prepaid expenditures	7,944	0	0	0	0	7,944
Workman's compensation insurance security deposit	7,520	0	0	0	0	7,520
Storage unit deposit	25	0	0	0	0	25
Total Assets	\$ 4,069,803	\$ 720	\$ 694	\$ 1,586	\$ 20	\$ 4,072,823
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	11	651	240	161	20	1,083
Payroll withholdings	3,331	0	0	0	0	3,331
Due to other governmental funds	0	69	454	1,425	0	1,948
Total Liabilities	3,342	720	694	1,586	20	6,362
Fund Balances						
Nonspendable	15,489	0	0	0	0	15,489
Restricted for Utility Assistance	472	0	0	0	0	472
Assigned for Utility Assistance	3,103	0	0	0	0	3,103
Unassigned	4,047,397	0	0	0	0	4,047,397
Total Fund Balances	4,066,461	0	0	0	0	4,066,461
Total Liabilities and Fund Balances	\$ 4,069,803	\$ 720	\$ 694	\$ 1,586	\$ 20	

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

- Compensated absences are not paid for out of current financial resources and therefore are not reported as liabilities in the governmental funds (32,296)
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds 303,919

Net Position of Governmental Activities

\$ 4,338,084

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**

**Lafourche Council on Aging, Inc.
Mathews, 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>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 102,972	\$ 137,763	\$ 119,661	\$ 192,250	\$ 143,259	\$ 695,905
La. Dept of Transportation & Development	255,793	0	0	0	0	255,793
Property Taxes	1,806,397	0	0	0	0	1,806,397
Public Support (Restricted):						
Client contributions	0	33,846	31,699	83,387	127	149,059
Others	3,783	0	0	125	0	3,908
Public Support (Unrestricted)	1,527	0	0	0	0	1,527
Program Service Fees	0	912	0	0	0	912
Interest Income	7,101	0	0	0	0	7,101
Miscellaneous	29	0	0	0	0	29
Total revenues	<u>2,177,602</u>	<u>172,521</u>	<u>151,360</u>	<u>275,762</u>	<u>143,386</u>	<u>2,920,631</u>
<u>EXPENDITURES</u>						
Health, Welfare, & Social Services:						
Current:						
Personnel	39,383	900,263	197,577	226,750	33,618	1,397,591
Fringe	14,045	301,027	38,035	51,387	5,372	409,866
Travel	31	28,143	715	46,758	92	75,739
Operating Services	5,258	100,311	18,233	26,832	5,660	156,294
Operating Supplies	726	89,268	4,793	11,463	624	106,874
Other Costs	12,168	37,713	7,413	11,200	1,010	69,504
Full Service	0	71,104	0	0	106,100	177,204
Meals	0	0	65,627	254,370	0	319,997
Utility Assistance	8,275	0	0	0	0	8,275
Specific Assistance to Individuals	1,228	0	0	0	0	1,228
Lawsuit and Claims Settlements	49,385	0	0	0	0	49,385
Capital Outlay	300,718	0	0	0	0	300,718
Intergovernmental	56,884	0	0	0	0	56,884
Total expenditures	<u>488,101</u>	<u>1,527,829</u>	<u>332,393</u>	<u>628,760</u>	<u>152,476</u>	<u>3,129,559</u>
Excess of revenues over (under) expenditures	<u>1,689,501</u>	<u>(1,355,308)</u>	<u>(181,033)</u>	<u>(352,998)</u>	<u>(9,090)</u>	<u>(208,928)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating transfers in	0	1,355,308	181,033	352,998	62,595	1,951,934
Operating transfers out	<u>(1,898,429)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(53,505)</u>	<u>(1,951,934)</u>
Total other financing sources (uses)	<u>(1,898,429)</u>	<u>1,355,308</u>	<u>181,033</u>	<u>352,998</u>	<u>9,090</u>	<u>0</u>
Net increase (decrease) in fund balances	<u>(208,928)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(208,928)</u>
<u>FUND BALANCE (DEFICIT)</u>						
Beginning of year	<u>4,275,389</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,275,389</u>
End of year	<u>\$ 4,066,461</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,066,461</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**

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2018**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$ (208,928)
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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 reconciling amount is the amount by which capital outlay (\$300,718) exceeds depreciation (\$118,793) in the current period.

181,925

Governmental funds do not report unpaid accumulated leave. However, the liability for unpaid accumulated leave is shown in the Statement of Net Position and the increase in the liability for the fiscal year has increased expenses in the Statement of Activities. The (increase) decrease in the liability is a reconciling amount.

(2,083)

Increase (Decrease) of Net Position of Governmental Activities	\$ <u><u>(29,086)</u></u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Lafourche Council on Aging, Inc.
Mathews, 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 Lafourche Council on 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 Lafourche Parish, Louisiana; 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; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of Lafourche Parish.

The primary services provided by the Council to the elderly residents of Lafourche Parish include transportation, homemakers, legal assistance, information and assistance,

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

material aid, medical alert, outreach, utility assistance, personal care, congregate and home-delivered meals, family caregiver support, and disease prevention and health promotion.

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 to 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 (La. R.S.) 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 Lafourche Council on 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 November 7, 1973 and subsequently incorporated on June 14, 1974, under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

A board of directors, consisting of 15 voluntary members who serve three-year terms, governs the Council. Each member may serve no more than two consecutive terms. Any board member who has served two consecutive terms is ineligible to serve on the board of directors for one year. Reasonable efforts are made to maintain a board of directors whose composition will be representative of the population of Lafourche Parish. Nominations to fill expiring terms of board members are made a few weeks before the Council's annual meeting in April by the Council's Development Committee. Additional nominations may also come from the general public. The members of the Council elect board members at the annual board meeting in April. Any adult citizen of Lafourche Parish may register to be a member of the Council. 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.

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

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 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 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) grants, 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. GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA administrative funds are allocated to the Council's other functions and programs.

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

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

separately reported below general revenues.

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 GASB Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using 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 General Fund, which 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 choose to include any other fund as a major fund. The nonmajor funds are summarized by 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

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

them. They are as follows: nonspendable, restricted, committed, assigned and unassigned.

The following discussion is a description of the governmental funds of the Council.

The General Fund is the primary 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 are brief descriptions of the 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 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 program funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their 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 for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these funds at its discretion in any program provided the program is benefitting people who are at least 60 years old. This year, the Council received this grant money into its General Fund and management transferred all \$42,393 of the PCOA funds to the Title III B Fund to subsidize that fund's program expenditures.

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

Unmet Needs Program

The Council provides financial assistance to persons who are at least 60 years old that are facing a serious financial or health emergency. The person must be a resident of Lafourche Parish and can receive financial assistance of up to \$200 per year. The money can be used to pay for rent, a doctor bill, or to make minor home repairs. However, in most cases, the Council buys supplies such as adult diapers, diabetic shakes and food

bars, and protein drinks that will be given to the needy person. During this year, the Council expended \$1,228 in direct costs to help 7 different people.

Area Agency Administration (AAA) Funding

Each fiscal year GOEA provides the Council with funds to subsidize the costs of administering the Council's special programs for the aging. This year GOEA granted the Council \$41,180 of AAA funding, which has been received and accounted for in the Council's General Fund along with an equal amount of administrative expenditures. The amount of funding is not enough to pay for all the administrative (indirect) type costs. As a result, the Council will consume the GOEA grant funds first when paying for administrative costs and then allocate the excess administrative costs to other programs using a formula based on the percentage each program's direct costs to other programs using a formula based on the percentage each program's direct costs bears to direct costs for all programs. In addition, due to program restrictions, administrative costs may not be allocated to certain funds and programs.

Supplemental Senior Center Funding

The Louisiana Legislature appropriated money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. This year, the Council received \$10,599 of supplemental senior center funding from GOEA. Management can use its discretion as to how to spend this money, as long as the program benefits anyone at least 60 years old. This year management received this money into the Council's General Fund and then transferred it out to the Title III C-1 Fund to subsidize the operating costs of that fund's program services.

**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 Council has a MIPPA program that provides educational and enrollment assistance to Medicare eligible people in the community. During the year, the Council hosted 27 outreach/public education & enrollment assistance events. Information about the disease prevention and wellness components of Medicare, LIS and MSP programs was provided to the public by the Council at these events to earn the revenue (\$8,800) from this GOEA grant. In addition, the Council provided 35 units of LIS or MSP enrollment assistance, including follow-up.

FTA Funding for Vehicle & Computer Acquisition

The Council acquires vehicles purchased in part with federal funds under the Federal Transit Administration's (FTA) elderly and disabled persons transportation capital assistance program. The Louisiana Department of Transportation and Development (DOTD) coordinates the receipt and disbursement of the FTA funds and the required matching funds from the Council. This year, the Council acquired five (5) new vans and a computer to be used for the transportation program using FTA grant funds. The portion used for vehicle acquisition was \$254,579 and the amount used for the purchase of the computer was \$1,214.

Utility Assistance Program

The Council provides limited financial assistance to needy people in Lafourche Parish to help them pay past due utility bills. The revenues received for this program usually come from SLECA (\$183) and the City of Thibodaux (\$2,500).

In addition, the Council *assigned* \$7,000 of its General Fund money to buy fans for the elderly and provide financial assistance to the elderly who needed help in paying their utility bills. At year-end \$3,103 of assigned funds remained unspent and will be carried over into the next fiscal year.

The maximum amount of assistance the Council usually provides in any one year to a person is \$200, if the Council uses its money. However, the funds received from the City

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

of Thibodaux's *Help Your Neighbor* program are limited to \$100 per person per year. During the year, the Council assisted 47 different people with paying their utility bills.

The Council also distributed 80 heaters and 80 fans to elderly people in Lafourche Parish this year. Furthermore, the Council takes the applications for the *Power to Care* program and then refers the application to the Salvation Army who will then decide which people to give financial aid to as part of that utility program.

Other Services and Activities

The Council provides a variety of other services and activities that include:

- Assisting senior citizens at least 65 years old in selecting a prescription drug plan under Medicare Part D;
- Assisting people at least 60 years old in applying for Social Security Disability;
- A health fair;
- A *Spring Fling*; and
- Assistance in obtaining Low Income Subsidies, Medical Savings Plans, Medicaid and food stamps.

Other Services and Activities are included as part of *Other Costs* within the General Fund on the Statement of Revenues, Expenditures, and Changes in Fund Balances. However, on the government-wide Statement of Activities they have been combined and reported as a separate line item.

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 accounts 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 social services, along with the number of units the Council reported to GOEA that it provided during the fiscal year, are as follows:

<u>Type of Service Provided</u>	<u>Units</u>
Homemaker	24,689.75
Information and Assistance	1,809
Legal Assistance	88.80
Material Aid	8,421
Medical Alert	403
Outreach	195
Transportation	20,570
Utility Assistance	517
Personal Care	1,809.25

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

- A grant from GOEA for *Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers* (\$137,763).
- Restricted, voluntary public support (\$33,846) from persons who actually received homemaker, personal care and transportation services.

Title III C-1 Fund

The Title III C-1 Fund accounts for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Lafourche Parish. The Council maintains meal sites in Thibodaux, Raceland, Lockport, Larose, Ward 6, and Golden Meadow. During the year, the Council reported to GOEA that it

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

provided 22,948 meals and 21 units of nutrition education to eligible participants.

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

- A grant from GOEA for *Special Programs for the Aging – Title III, Part C-1 – Nutrition Services* (\$102,020).
- Restricted, voluntary public support (\$31,699) from those persons who received congregate meals services.
- *Nutrition Services Incentive Program* (NSIP) funds (\$17,641) provided through GOEA to supplement the congregate meals program. Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.

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 GOEA that it provided 89,424 home-delivered meals to eligible participants. The main sources of revenue received this year that form the basis of this fund are as follows:

- A grant from GOEA for *Special Programs for the Aging – Title III, Part C-2 – Nutrition Services* (\$129,706).
- Restricted, voluntary public support (\$83,512) from those persons who received the home-delivered meals.
- *Nutrition Services Incentive Program* (NSIP) grant funds (\$62,544) provided through GOEA to supplement the home-delivered meals program. Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.

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

Nonmajor Governmental Funds:

Senior Center Fund

The Senior Center Fund accounts for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn *passes through* the funds to the Council. The purpose of this program is to provide community service centers where elderly people can receive congregate related social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. Senior centers are located in Cut Off, Ward 6, and Bayou Blue. Senior Center grant funds not consumed within this program are free to be transferred to another program that benefits the elderly. For this year, the Council did not consume \$53,505 of its grant funds and management transferred them to the Title III C-1 Fund.

Title III D Fund

The Title III D Fund accounts for funds used for wellness, which includes disease prevention and health promotion activities. During the year, the Council reported to GOEA that it provided 630 units of wellness services to eligible participants. The source of the revenue forming the basis for this fund is a grant (\$5,618) the Council received from GOEA for *Title III, Part D_ Disease Prevention and Health Promotion Services*.

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 relative caregivers. During the year, the Council reported to GOEA that it provided 91 units of information and assistance, 4,529.75 units of in-home respite, 318 units of material aid, and 160 units of personal care services to eligible participants. The source of the revenue forming the basis for this fund is a grant (\$40,344) the Council received from GOEA 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)

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 available financial resources. Depreciation is a cost not recognized in the governmental funds.

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

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* on the Statement of Net Position is comprised of restricted cash of \$472 and unrestricted cash of \$4,031,549. 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 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.

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

However, if management becomes aware of information that would change its assessment about the collectability of these other receivables, management would write off the receivables as bad debts at that time.

h. Prepaid Expenses & Expenditures

In the government-wide financial statements prepaid expenses include amounts 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 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.

i. Capital Assets

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

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

Government-Wide Financial Statements

Capital assets are long-lived assets purchased or acquired with an original cost of at least \$1,000 and 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 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	10 years
Vehicles	5 years
Computer equipment	5 years

Fund Financial Statements

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.

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.

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

j. 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 liabilities at year-end.

k. Unpaid Compensated Absences

The Council's policies for vacation leave permit full-time employees to accumulate unused vacation leave after three years of employment. Accordingly, a liability for the unpaid leave has been recorded in the government-wide statements. Management has estimated the current and long-term portions of this liability based on the Council's policy as it relates to accruing (earning) and using vacation leave. Accordingly, all amounts earned and unused as of year-end are considered a current liability for purposes of the Statement of Net Position. Any amounts that might be long-term would be immaterial.

The amount accrued as the compensated absence liability was determined using the number of vested hours for each employee multiplied by the employee's wage rate in effect at the end of the year. An amount is added to this total for Social Security and Medicare taxes.

In contrast, the governmental funds in the fund financial statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, payments for vacation leave will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees. As a result, no amounts have been accrued as fund liabilities as of year-end in the fund financial statements. The difference in the methods of accruing compensated absences creates a reconciling item between the fund and government-wide financial statement

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

presentations.

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the government-wide financial statements relative to sick leave.

l. 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 a funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. At year-end, the Council did not have any advances from GOEA or any other funding agency.

m. Deferred Revenues 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 revenues at year-end.

n. Deferred Property Tax Revenue

Deferred property tax revenues arise when property taxes are expected to be received but not within 60 days after the end of the Council's fiscal year in which the taxes are 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

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

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 amounts this year as deferred property tax revenue because management believes any property tax revenue collected after August 31, 2018 for the 2017 property tax assessment will be immaterial.

o. 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.

p. 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.
- *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 legislation.
- *Unrestricted net position* - This component is the balance (deficit) of all other

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

elements in the statement of net position remaining after net investment in capital assets and restricted net position.

q. 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 and deposits as being nonspendable because these items 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 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

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

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 either the Council's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The Council's management assigned some funds to the utility assistance program. \$3,103 of assigned funds remained unspent 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 would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

r. 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.

s. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct costs of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a

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

formula 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.

t. 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.

u. Special Items

Special items are significant transactions or events that are either unusual in nature or infrequent in occurrence and that are within the control of the Council's management. Within in the control of management does not necessarily mean that management did control the transaction. It simply means that management could control it. Special items have been reported separately in both the government-wide statement of activities and the governmental fund statements of revenues, expenditures, and changes in fund balances. The Council did not have any special items this year

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 Lafourche Parish on July 19, 2008 to specifically provide money to finance the Council's operations. The Lafourche Parish Assessor began assessing this property tax in 2008 and it continued to do so through 2017 (ten years). On December 10, 2016 the voters of Lafourche Parish renewed this tax for another ten years (through 2027). 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 \$1,133,345,149. After applying homestead exemptions of \$174,020,751 the net assessed value upon which the Council's property tax was computed was \$969,324,398. Two mills are the maximum amount the Council may legally elect to assess property owners each year and the Council's board of directors elected to have the Parish assess the 1.91 mills for tax year 2017. Accordingly, management initially estimated the gross amount of property tax payable to the Council for this fiscal year to be \$1,833,016. However, this amount was later adjusted by the Lafourche Parish Sheriff to account for supplements, reductions, and adjudicated/exempt taxes to \$1,822,914. In addition to these adjustments, the Council's management has estimated the uncollectible tax amount to be \$33,088. Current year collections of prior year property taxes were \$16,571. As a result, the adjusted total property tax revenue recognized this year is \$1,806,397.

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 Lafourche 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 Lafourche Parish for the 2017 tax assessment was July 25, 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 the Sheriff collects by August 31 (within 60 days of

Exhibit F - Continued

year-end) because it considers those amounts to be measurable and available. The Council did not present any amounts this year as deferred property tax revenue because management estimates an immaterial amount of property taxes will be collected after August 31, 2018 for the 2017 property tax assessment.

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 \$1,806,397 on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) have not been reduced by \$56,884 withheld by the Sheriff for *on-behalf payments for fringe benefits*, which represent the Council's pro rata share of retirement plan contributions for other government agencies. Instead, the \$56,884 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 \$1,806,397 were reduced by the \$56,884 of on-behalf payments to present a net amount of \$1,749,513 for general revenues. Also see Note 21 to these financial statements.

Note 4 - Cash Management and Bank Deposits

The Council maintains a consolidated bank account at JPMorgan Chase Bank to deposit the money it collects and to pay bills other than payroll. The consolidated bank account is available for use by all funds. The purpose of the consolidated account is 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. The Council also maintains another demand deposit account at this bank for making payroll disbursements. This account is maintained on an imprest basis. A third bank account, which is a savings account, was established by management to obtain interest on idle funds, maintain liquidity, and reduce credit risks.

The Council's policy is to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance. Currently, only the first

Exhibit F - Continued

\$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 was \$4,032,021, whereas the corresponding bank balance was \$4,166,073. The difference was principally due to outstanding checks and deposits that had not cleared the bank by June 30. The current FDIC coverage is \$250,000 for demand deposits and another \$250,000 for interest-bearing deposits per bank, therefore, \$3,666,073 of the Council's bank balances were uninsured at year-end. State law and the Council's policy requires uninsured bank balances to be adequately secured by pledged securities at all times. The bank had pledged securities that had a market value at \$4,154,702 at June 30th. Accordingly, all of the bank balances at year-end were either insured or adequately collateralized. The pledged securities are being held in a collateral account in the name of the Council at the Federal Reserve Bank of New York.

Note 5 - Prepaid Expenditures & Expenses

At year-end, prepaid expenditures in the fund Balance Sheet and prepaid expenses in the government-wide Statement of Net Position consisted of the following:

Nonowners insurance premiums	\$ 2,901
Auto insurance premiums	5,043
Total Prepaid Expenditures & Expenses	<u>\$ 7,944</u>

Exhibit F - Continued

Note 6 - Changes in Capital Assets

A summary of changes in capital assets and related accumulated depreciation are as follows:

Capital Assets Being Depreciated	Balance June 30, 2017	Additions	Decreases	Balance June 30, 2018
Vehicles	\$ 748,686	\$ 299,504	\$ 0	\$ 1,048,190
Furniture and Equipment	36,568	1,214	0	37,782
Total Capital Assets	785,254	300,718	0	1,085,972
Less Accumulated Depreciation:				
Vehicles	629,496	117,804	0	747,300
Furniture and Equipment	33,764	989	0	34,753
Total Accumulated Depreciation	663,260	118,793	0	782,053
Capital Assets Net of Depreciation	\$ 121,994	\$ 181,925	\$ 0	\$ 303,919

None of the above amounts includes any donated asset.

The Council's management has reviewed the capital assets and does not believe any of them are impaired or totally inoperable as of year-end.

Depreciation was charged to governmental activities as follows:

Administration	\$ 947
Supportive Services:	
Transportation of the elderly	107,296
Other supportive services	4,186
Nutrition Services:	
Congregate Meals	1,792
Home-delivered Meals	4,091
Family Caregiver Support	372
Other Services and Activities	109
Total depreciation expense for governmental activities	<u>\$ 118,793</u>

The \$947 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

Exhibit F - Continued

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 other depreciation amounts (\$117,846) are charged as direct expenses to their related functions on the Statement of Activities.

Note 7 - Changes in Compensated Absences

For purposes of the Statement of Net Position, the Council has presented all of its accumulated unpaid vacation leave as a current liability. This is because vested amounts will likely be used before the end of the next fiscal year. In contrast, no liability for compensated absences has been presented in the Balance Sheet of the fund financial statements because such leave does not become a liability until the employee has made a request to use it or terminates employment with the Council. The following is a schedule of changes that occurred in the Council's compensated absences account during the fiscal year.

Balance at July 1, 2017	\$ 30,213
Net increase (decrease) in accrued compensated absences	<u>2,083</u>
Balance at June 30, 2018	<u><u>\$ 32,296</u></u>

Note 8 - Fund Balances - Fund Financial Statements

At year-end, the General Fund includes a restricted fund balance for utility assistance (\$472), an assigned fund balance (\$3,103) for utility assistance, and \$15,489 of nonspendable fund balance, which consists of \$7,944 of prepaid expenditures and \$7,545 of security deposits.

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 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

Exhibit F - Continued

fund financial statements because of the measurement focus of such statements.

The Council received various in-kind contributions during the year as follows:

- The Lafourche Parish Government (LPG) provides the Council's main office facility and certain building supplies at no charge.
- Various people have volunteered their time to work in the senior centers and serve congregate meals.

The LPG has provided the Council information as to the fair value of the facility rental and the building supplies. The volunteer services were valued by recording the number of hours the volunteers worked and multiplying the hours by minimum wage.

A summary of the in-kind contributions and their estimated values is as follows:

Facility rental	\$ 42,000
Building supplies	2,400
Volunteer workers	<u>36,699</u>
	<u>\$ 81,099</u>

If these in-kind contributions had been recorded in the Statement of Activities their expense allocation would have been as follows:

Administration	\$ 44,400
Nutrition Services - congregate meals	7,783
Title III B Supportive Services	6,517
Senior Citizens Center Operations	<u>22,399</u>
	<u>\$ 81,099</u>

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 any 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 taxation 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 it 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

The Council employees have been involved in multiple vehicle accidents over the past few years. Most of the accidents have been settled but two are still unsettled. The Council paid \$49,385 to settle claims and pay for damages and legal fees in FY 2018. Management does not know how much in damages the Council will be required to pay to settle the outstanding lawsuits and claims. However, management estimates the total potential liability to the Council to settle these claims will not have any material adverse impact upon the Council's financial statements. No amounts have been accrued as of June 30, 2018 as an estimate for the contingent liabilities. The amount of each claim is within the deductible amount of the Council's insurance policy therefore the Council would have to pay the claims directly out of its General Fund to settle them. Furthermore, management believes that any unexpected lawsuits or unknown 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 or any of its subcontractors 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 not any significant contingent liabilities relating to the Council's noncompliance with the rules and

Exhibit F - Continued

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 -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 by employees; job related illnesses or injuries to employees; officer and directors' liability; business interruption; and natural disasters. To primarily cover or reduce the risk of loss that might arise should one of these incidents occur, the Council has purchased commercial insurance with varying deductible amounts as follows:

<u>Type of Coverage</u>	<u>Deductible per Incident</u>
Auto Collision and comprehensive	\$1,000
Business personal property	\$1,000, +5% wind/hail deductible
Electronic equipment	\$1,000, +5% wind/hail deductible
General liability	\$2,500
Director's and officer's liability	\$5,000
Employment practices	\$5,000

The Council also carries workman's compensation insurance and employee health and accident insurance for which it has no deductibles.

Although the Lafourche Council on Aging (Council) has purchased insurance coverage to reduce its risk of loss for the aforementioned types of casualties, the Council has elected to allow the Lafourche Parish Government (LPG) to provide vehicle liability coverage for the Council's vehicles in an effort to minimize expenditures relating to this type of coverage. The LPG has a self-insured risk retention program, which means that the LPG and the Council are exposed for the first \$75,000 of damages per incident that might arise should the Council be held liable in a vehicle accident. The Council is not required to pay the LPG any premiums to participate in its risk retention program. Also, the LPG and the Council have not assigned any funds to cover damages under \$75,000 per incident. Instead, the Council's management will pay for any damages or claims using General Fund money as they arise. Accordingly,

Exhibit F - Continued

the Council could be exposed to significant losses should multiple accidents happen within the \$75,000 deductible amount.

In the fund financial statements, the COA reports all of its risk management activities, including the cost of legal representation, claim settlements, and judgments, in the General Fund. In the government-wide financial statements similar expenses will be allocated directly to the function that gave rise to the expense in the Statement of Activities. Claims expenditures, expenses, and liabilities are reported when it is probable that a material loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. This year the Council paid \$49,385 relating to accident claims, which includes legal fees and final settlement amounts. In addition, no year-end accrual has been made for any other known claim losses that relate to this year but will be settled in a future year because management considers the potential settlement amounts to be immaterial, individually and in the aggregate, to the financial statements. See Note 12 for additional details. Furthermore, management has not made any estimates or accruals for claim losses that might arise in future years during the normal course of business.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss as a result of business interruption and certain acts of God, like floods or earthquakes.

There have been no significant reductions in insurance coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage, or that caused the COA to have to pay any significant amounts as a result of participating with the LPG in its self-insurance program, except for one lawsuit that was settled this year for \$25,000.

Note 15 - Operating Lease Agreements

On May 28, 2015, the Council entered into a copy machine lease. This lease is for 60 months at a monthly rate of \$415. Then on June 3, 2016 the Council entered into a second copy machine lease for 39 months at a rate of \$114 per month. These lease amounts referred to above do not include any annual property tax or overage charges for copies that might be charged by the lessors.

Exhibit F - Continued

The minimum future lease payments as of June 30, 2018, for each remaining year and in the aggregate, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 6,346
2020	4,793
Total minimum future lease payments	<u>\$ 11,139</u>

At the end of each lease, management has the option to buy the copy machines for their fair market values or return them in good working condition. Historically, management has always elected to return the leased equipment.

Total rental expense of \$6,346 for these leases in FY 2018 has been included as a component of Operating Service expenditures in the fund financial statements and as a component of Administration expenses in the government-wide statements.

Note 16 -Related Party Transactions

There were not any related party transactions during the fiscal year.

Note 17 -Interfund Receivables and Payables

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:

	Receivable From	Payable To
General Fund:		
Major Funds:		
Title III B	\$ 69	\$ 0
Title III C-1	454	0
Title III C-2	1,425	0
Totals for the General Fund	<u>1,948</u>	<u>0</u>
Special Revenue Funds:		
Major Funds:		
Title III B:		
General Fund	0	69
Title III C-1:		
General Fund	0	454
Title III C-2:		
General Fund	0	1,425
Totals for Special Revenue Funds	<u>0</u>	<u>1,948</u>
Totals for All Funds	<u>\$ 1,948</u>	<u>\$ 1,948</u>

Note 18 -Interfund Transfers

Operating transfers to and from are listed by fund for the fiscal year as follows:

	<u>Operating Transfers</u>	
	<u>In From</u>	<u>Out To</u>
General Fund:		
Title III B Fund	\$ 0	\$ 1,355,308
Title III C-1 Fund	0	127,528
Title III C-2 Fund	0	352,998
Nonmajor Funds in the Aggregate	<u>0</u>	<u>62,595</u>
Total General Fund	<u>0</u>	<u>1,898,429</u>
Title III B Fund:		
General Fund - PCOA	\$ 42,393	\$ 0
General Fund - local funds	<u>1,312,915</u>	<u>0</u>
Total Title III B Fund	<u>1,355,308</u>	<u>0</u>
Title III C-1 Fund:		
General Fund - local funds	\$ 116,929	\$ 0
General Fund - Supp. Senior Center	10,599	0
Nonmajor Funds in the Aggregate (Sr. Center)	<u>53,505</u>	<u>0</u>
Total Title III C-1 Fund	<u>181,033</u>	<u>0</u>
Title III C-2 Fund:		
General Fund - local funds	\$ 352,998	\$ 0
Total Title III C-2 Fund	<u>352,998</u>	<u>0</u>
Nonmajor Funds in the Aggregate:		
Senior Center to Title III C-1 Fund	\$ 0	\$ 53,505
Title III D Fund from General Fund	5	0
Title III E Fund from General Fund	<u>62,590</u>	<u>0</u>
Total Nonmajor Funds in the Aggregate	<u>62,595</u>	<u>53,505</u>
Grand Totals	<u>\$ 1,951,934</u>	<u>\$ 1,951,934</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 19 -Economic Dependency

The Council's largest single source of revenue is from a property tax. If the property in Lafourche 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 amounts of its annual revenues from the Governor's Office of Elderly Affairs (GOEA). These revenues are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal or state level, 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 actions that will adversely affect the amount of funds the Council will receive next year relating to revenues it usually receives from GOEA.

Note 20 -Line Of Credit

On October 20, 2004, the Council's board of directors approved a \$75,000 line of credit with the Council's bank. The line of credit is to be used in case grant funds are not received on time. The Council did not have to draw on the line of credit during the year.

Note 21 -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 local public retirement systems. The Council's pro-rata share of the required contribution was \$56,884 that was withheld by the Lafourche Parish Sheriff from property tax collections to satisfy the Council's obligation. The Sheriff withholds the entire amount of this obligation in December 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 \$56,884 withheld by the Sheriff represents *intergovernmental* expenditures of the General Fund on Exhibit D.

Exhibit F - Continued

The following list presents the retirement systems that were funded by \$56,884 of the Council's property tax revenues this year:

Assessor's Retirement Fund	\$ 6,007
Clerks' of Court Retirement & Relief Fund	5,081
District Attorney's Retirement System	3,881
Municipal Employee's Retirement System	5,081
Parochial Employees' Retirement System	5,081
Registrar of Voters Employees' Retirement	1,270
Sheriff's Pension & Relief Fund	10,161
Teachers' Retirement System	20,322
	<hr/>
	\$ 56,884

Note 22 -Purchase Commitments

This year the Council had no purchase commitments at year end.

Note 23 -Subsequent Events

Management has evaluated subsequent events through December 19, 2018, which is the date the financial statements were available to be issued. There were no events that required disclosure.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

Budgetary Comparison Schedule - General Fund

**Lafourche Council on Aging, Inc.
Mathews, Louisiana**

For the year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final (Amended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
PCOA grant	\$ 46,410	\$ 42,393	\$ 42,393	\$ 0
Supplemental Senior Center grants	10,599	10,599	10,599	0
AAA grant	41,180	41,180	41,180	0
MIPPA grant	7,620	8,700	8,800	100
La Dept of Transportation & Development	219,672	254,579	255,793	1,214
Property Taxes	2,030,416	2,030,416	1,806,397	(224,019)
Public Support - restricted	2,000	2,933	3,783	850
Public Support - unrestricted	200	14	1,527	1,513
Interest Income	3,329	4,941	7,101	2,160
Miscellaneous	0	0	29	29
Total Revenues	2,361,426	2,395,755	2,177,602	(218,153)
<u>EXPENDITURES</u>				
Current:				
Personnel	31,086	41,132	39,383	1,749
Fringe	11,489	15,668	14,045	1,623
Travel	55	27	31	(4)
Operating Services	5,797	5,189	5,258	(69)
Operating Supplies	1,198	668	726	(58)
Other Costs	11,346	13,502	12,168	1,334
Full Service	0	0	0	0
Utility Assistance	10,372	10,168	8,275	1,893
Specific Assistance to Individuals	0	0	1,228	(1,228)
Lawsuit and Claims Settlements	150,000	50,000	49,385	615
Capital Outlay	252,623	299,505	300,718	(1,213)
Intergovernmental	62,784	56,884	56,884	0
Total Expenditures	536,750	492,743	488,101	4,642
Excess of revenues over expenditures	1,824,676	1,903,012	1,689,501	(213,511)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	0	0	0	0
Transfers out	(2,043,949)	(1,934,465)	(1,898,429)	36,036
Total other financing sources (uses)	(2,043,949)	(1,934,465)	(1,898,429)	36,036
Net increase (decrease) in fund balance	\$ (219,273)	\$ (31,453)	(208,928)	\$ (177,475)
<u>FUND BALANCE</u>				
Beginning of year			4,275,389	
End of year			\$ 4,066,461	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final (Amended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 137,763	\$ 137,763	\$ 137,763	\$ 0
Public Support	35,165	31,628	33,846	2,218
Program Service Fees - transportation	1,303	684	912	228
Total Revenues	<u>174,231</u>	<u>170,075</u>	<u>172,521</u>	<u>2,446</u>
<u>EXPENDITURES</u>				
Current:				
Personnel	925,098	906,938	900,263	6,675
Fringe	317,863	321,594	301,027	20,567
Travel	34,988	30,322	28,143	2,179
Operating Services	97,726	89,395	100,311	(10,916)
Operating Supplies	78,582	78,490	89,268	(10,778)
Other Costs	38,263	35,262	37,713	(2,451)
Full Service	102,084	102,182	71,104	31,078
Total Expenditures	<u>1,594,604</u>	<u>1,564,183</u>	<u>1,527,829</u>	<u>36,354</u>
Excess of expenditures over revenues	<u>(1,420,373)</u>	<u>(1,394,108)</u>	<u>(1,355,308)</u>	<u>38,800</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,420,373	1,394,108	1,355,308	(38,800)
Transfers out	0	0	0	0
Total other financing sources (uses)	<u>1,420,373</u>	<u>1,394,108</u>	<u>1,355,308</u>	<u>(38,800)</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-1 Fund

Lafourche Council on Aging, Inc.

Mathews, Louisiana

For the year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u> <u>(Amended)</u>	<u>Modified</u> <u>Accrual</u> <u>Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 102,020	\$ 102,020	\$ 102,020	\$ 0
NSIP grant	17,641	17,641	17,641	0
Public Support - client contributions	36,742	29,990	31,699	1,709
Total Revenues	<u>156,403</u>	<u>149,651</u>	<u>151,360</u>	<u>1,709</u>
<u>EXPENDITURES</u>				
Current:				
Personnel	195,439	198,502	197,577	925
Fringe	40,666	42,572	38,035	4,537
Travel	87	596	715	(119)
Operating Services	13,083	16,143	18,233	(2,090)
Operating Supplies	6,129	3,346	4,793	(1,447)
Other Costs	7,093	6,614	7,413	(799)
Meals	59,830	61,510	65,627	(4,117)
Total Expenditures	<u>322,327</u>	<u>329,283</u>	<u>332,393</u>	<u>(3,110)</u>
Excess of expenditures over revenues	<u>(165,924)</u>	<u>(179,632)</u>	<u>(181,033)</u>	<u>(1,401)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	165,924	179,632	181,033	1,401
Transfers out	0	0	0	0
Total other financing sources (uses)	<u>165,924</u>	<u>179,632</u>	<u>181,033</u>	<u>1,401</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-2 Fund

Lafourche Council on Aging, Inc.

Mathews, Louisiana

For the year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u> <u>(Amended)</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Modified</u>	<u>Favorable</u>
			<u>Accrual</u>	<u>(Unfavorable)</u>
			<u>Basis</u>	
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 129,706	\$ 129,706	\$ 129,706	\$ 0
NSIP grant	62,544	62,544	62,544	0
Public Support - client contributions	76,567	78,071	83,387	5,316
Public Support - other	500	125	125	0
Total Revenues	269,317	270,446	275,762	5,316
<u>EXPENDITURES</u>				
Current:				
Personnel	224,325	225,091	226,750	(1,659)
Fringe	56,811	56,612	51,387	5,225
Travel	43,335	49,229	46,758	2,471
Operating Services	25,814	21,755	26,832	(5,077)
Operating Supplies	9,903	7,149	11,463	(4,314)
Other Costs	13,027	10,662	11,200	(538)
Meals	335,282	240,642	254,370	(13,728)
Total Expenditures	708,497	611,140	628,760	(17,620)
Excess of expenditures over revenues	(439,180)	(340,694)	(352,998)	(12,304)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	439,180	340,694	352,998	12,304
Transfers out	0	0	0	0
Total other financing sources (uses)	439,180	340,694	352,998	12,304
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

Lafourche Council on Aging, Inc.
Mathews, 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 anywhere in these financial statements.

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

- GOEA notifies the Council each year as to the funding levels for each of its programs.
- Management makes revenue projections based on grants from 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.
- Management develops expenditure projections using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information has been obtained to project revenues and expenditures, the Council's Executive Director and Finance Administrator prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board of directors meeting before May 31 of the

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

current fiscal year. The Council's original budget for this fiscal year was approved by the board on May 30, 2017.

- The adopted budget is forwarded to the Governor's Office of Elderly Affairs (GOEA) for compliance approval.
- 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, the Council will automatically budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The match might be made in one year and the vehicles delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting for 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 fiscal year, management amended the Council's budget once at a board meeting on April 18, 2018, using a procedure similar to the one used to approve the original budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%, unless unrestricted funds are available to cover the overrun.
- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

Note 2 - General Fund's Budgeted Operating Deficit

Management originally budgeted an operating deficit of \$219,273 in the Council's General Fund this year but later amended the budget deficit to \$31,453. The budgeted deficit arises because the Council planned to use \$7,000 of its prior year's fund balance to pay for utility assistance and had to pay \$25,000 to settle a lawsuit. Management was able to budget the operating deficit because the Council had enough unassigned fund balance to cover it.

SUPPLEMENTARY FINANCIAL INFORMATION FOR GOEA ANALYSIS

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds**

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2018**

	Senior Center Fund	Title III D Fund	Title III E Fund	Totals
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 97,297	\$ 5,618	\$ 40,344	\$ 143,259
Public Support (Restricted):				
Client contributions	0	0	127	127
Total revenues	97,297	5,618	40,471	143,386
<u>EXPENDITURES</u>				
Health, Welfare, & Social Services:				
Current:				
Personnel	31,955	0	1,663	33,618
Fringe	4,656	0	716	5,372
Travel	88	0	4	92
Operating Services	5,597	0	63	5,660
Operating Supplies	540	0	84	624
Other Costs	956	0	54	1,010
Full Service	0	5,623	100,477	106,100
Total expenditures	43,792	5,623	103,061	152,476
Excess of revenues over (under) expenditures	53,505	(5)	(62,590)	(9,090)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	0	5	62,590	62,595
Operating transfers out	(53,505)	0	0	(53,505)
Total other financing sources (uses)	(53,505)	5	62,590	9,090
Net increase (decrease) in fund balances	0	0	0	0
<u>FUND BALANCE (DEFICIT)</u>				
Beginning of year	0	0	0	0
End of year	\$ 0	\$ 0	\$ 0	\$ 0

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

Lafourche Council on Aging, Inc.

Mathews, 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	\$ 748,686	\$ 299,504	\$ 0	\$ 1,048,190
Furniture & equipment	36,568	1,214	0	37,782
Total capital assets	<u>\$ 785,254</u>	<u>\$ 300,718</u>	<u>\$ 0</u>	<u>\$ 1,085,972</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from:				
PCOA	\$ 11,071	\$ 0	\$ 0	\$ 11,071
Federal Transit Administration - Section 5310	429,853	255,792	0	685,645
Local	<u>344,330</u>	<u>44,926</u>	<u>0</u>	<u>389,256</u>
Total investment in capital assets	<u>\$ 785,254</u>	<u>\$ 300,718</u>	<u>\$ 0</u>	<u>\$ 1,085,972</u>

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED FOR LOUISIANA LAW

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

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2018**

Executive Director's (Agency Head) Name: Charlene Rodriguez

Purpose	Amount
Salary	\$ 81,796.78
Benefits-insurance (health and life)	7,909.44
Benefits-retirement	
Benefits-other (COA paid FICA, LUTA, WC)	11,260.91
Benefits-other (describe)	
Car allowance	
Vehicle provided by government (enter amount reported on W-2)	
Per diem	103.00
Reimbursements	84.35
Travel	314.78
Registration fees	-
Conference travel	
Housing	
Unvouchered expenses (example: travel advances, etc.)	
Special meals	
Other	



Independent Auditors' 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,
Lafourche Council on Aging, Inc.
Mathews, 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 Lafourche Council on Aging, Inc., Mathews, 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 19, 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given

these limitations, during 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 of 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.



T.S. Kearns & Co., CPA, PC
Thibodaux, Louisiana
December 19, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Lafourche Council on Aging, Inc.
Mathews, 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

Lafourche Council on Aging, Inc.
Mathews, 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.

Federal Award Findings and Questioned Costs

No matters were reported last year. Therefore, management has nothing to report in this section.

Management Letter

None was issued last year. Therefore, management has nothing to report in this section.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Council on Aging, Inc.
Mathews, 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.

Name and address of independent public accounting firm: T.S. Kearns & Co., CPA, PC, 164 West Main Street, Thibodaux, LA 70301

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 you have any questions regarding this audit, please call Charlene Rodriguez, the Council's Executive Director, at (985) 532-0459 or lafcoadirector@viscom.net.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING THE LOUISIANA LEGISLATIVE AUDITORS'
STATEWIDE AGREED-UPON PROCEDURES

Lafourche Council on Aging, Inc.
Mathews, Louisiana

For the Fiscal Period July 1, 2017 through June 30, 2018



T.S. KEARNS & CO.
CPA

(A Professional Corporation)
164 West Main Street, Thibodaux, LA 70301
South end of Canal Boulevard
(985) 447-8507 Fax (985) 447-4833
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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING THE LOUISIANA LEGISLATIVE AUDITORS' STATEWIDE
AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Lafourche Council on Aging, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 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

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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)

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

j) **Debt Service**, including

- (1) debt issuance approval,
- (2) continuing disclosure/EMMA reporting requirements,
- (3) debt reserve requirements, and
- (4) debt service requirements.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Board or Finance Committee

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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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.

Obtained a listing of the Council's bank accounts.

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);

Findings:

Bank reconciliations were prepared for all bank accounts.

- 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

Findings:

Bank reconciliations include evidence that a member of management who does not handle cash, post ledgers, or issue checks did review each bank reconciliation.

- 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.

Findings:

There were no items outstanding over twelve months from the statement closing date.

Collections

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).

Obtained a listing of the Council's collection location.

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.

Findings:

Each person 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.

Findings:

Each employee responsible for collecting cash is not responsible for preparing/making bank deposits.

- 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.

Findings:

Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers.

- 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.

Findings:

The employee responsible for reconciling cash collections to the general ledger is not responsible for collecting cash.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings:

All employees who have access to cash are covered by an 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.

Findings:

All cash collections are donations. Therefore, a pre-numbered receipt is not required.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Findings:

Traced the collection documentation to the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Findings:

Traced 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).

Findings:

EXCEPTION -

Since deposits by location are typically less than \$100, the Councils' policy is to make deposits once a week therefore there are many collections that are not deposited within one day. One deposit date tested was deposited six business days after collections and the second deposit date tested was deposited nine business days after collections.

- e) Trace the actual deposit per the bank statement to the general ledger.

Findings:

Traced 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).

Obtained a listing of the Council's disbursements from the general ledger.

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.

Findings:

At least two employees were 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.

Findings:

At least two employees were 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.

Findings:

The Financial Administrator is responsible for processing payments and has the ability to add vendors to the entity's purchasing/disbursement system. There are several compensating controls. Once payments are processed, they are presented to the Executive Director for approval and signature. After review, approval and signature, the information is then passed on to the Office Clerk. The Office Clerk also verifies and documents check number sequence and dates issued. Vouchers and checks are submitted to a board-approved check signer, other than the Executive Director, who will also verify the vendor's name and legitimacy before signing the check.

- 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.

Findings:

The Executive Director, which is responsible for signing checks, gives the signed checks to an employee to mail who is not responsible for processing payments.

- 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.

Findings:

All five disbursements 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.

Findings:

All five disbursements included evidence of segregation of duties tested under #9.

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.

Findings:

Obtained from management a listing of Council's active credit cards, bank debit cards, fuel cards, and P-cards, including card numbers and the names of the persons who maintained possession of the cards.

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.]]

Findings:

Reviewed one monthly statement for each card (Chase, Walmart, and Fuelman). Each statement tested had supporting documentation which was reviewed and approved, in writing, by the Financial Accountant and Executive Director.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings:

No finance charges or late fees were assessed on any of the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by

- (1) an original itemized receipt that identifies precisely what was purchased,

Findings:

Each transaction tested had an original itemized receipt attached to the statement.

- (2) written documentation of the business/public purpose, and

Findings:

Each transaction tested had a purchase order attached which included the person requesting the item as well as its purpose of use.

- (3) documentation of the individuals participating in meals (for meal charges only).

Findings:

There were no meals purchased during the monthly statements tested.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation.

For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Contracts

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

Findings:

Obtained a listing of all contracts in effect during the fiscal period; additionally, obtained the general ledger and sort/filter to obtain contract payment amounts.

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.

Findings:

No contracts entered into in the current year were subject to the Louisiana Public Bid 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).

Findings:

All contract were approved by the Board of Directors.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Findings:

One of the five contracts were amended. The original contract terms provided for an annual 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.

Findings:

For all five contracts selected, invoices and related payments complied with the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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.)

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Ethics

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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- 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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Debt Service

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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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.



T.S. Kearns & Co., CPA
Thibodaux, LA 70301
December 19, 2018



**LAFOURCHE AREA AGENCY ON AGING
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December 19, 2018

Timothy S. Kearns
T.S. Kearns & Co., CPA
164 West Main Street
Thibodaux, LA 70301

RE: Managements response to 2018 State AUPs

Mr. Kearns,

Please accept this letter as a formal response to the exceptions noted during your performance of the 2018 Statewide Agreed Upon Procedures.

We will continue to work toward developing written policies where needed and consider additional procedures and processes to ensure proper handling of all transactions.

If you have any questions, please contact Charlene Rodriguez at 985-532-0457.

Sincerely,

Charlene Rodriguez
Executive Director

“An Equal Employment Opportunity Agency”