

MOREHOUSE COUNCIL ON AGING, INC.

Bastrop, Louisiana

FINANCIAL STATEMENTS

June 30, 2018

Marsha O. Millican  
A Professional Accounting Corporation  
Shreveport, Louisiana

MOREHOUSE COUNCIL ON AGING, INC.

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MOREHOUSE COUNCIL ON AGING, INC.

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# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## Independent Auditor's Report

Board of Directors  
Morehouse Council on Aging, Inc.  
Bastrop, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morehouse Council on Aging, Inc., 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**

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

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

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

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### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Morehouse Council on Aging, Inc., 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**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the budgetary information on pages 39 through 43 be presented to supplement the basic financial statements. Such information 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 44 through 46 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 4, 2018 on my consideration of Morehouse Council on Aging, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance

and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morehouse Council on Aging, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Marsh D. McKeain". The signature is written in a cursive style with a large initial 'M'.

Certified Public Accountant  
December 4, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Morehouse Council on Aging, Inc.**

**June 30, 2018**

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

#### FINANCIAL HIGHLIGHTS

- The Council showed an increase in overall net position of \$4,590 this year.
- Net Capital Assets of the Council increased by \$28,388 this year.
- The Council's revenue, on a modified accrual basis, decreased by \$7,252 this year.
- Expenditures, on a modified accrual basis, increased by \$29,480 this year.
- The unassigned fund balance for the Council's General Fund was \$287,831 at year-end, which is a decrease of \$34,894 from the prior year.
- No deficit fund balances existed at year-end.
- The Council reduced its long term by \$11,096 during the year.

#### HOW TO USE THIS ANNUAL REPORT

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Morehouse Council on Aging, Inc.

June 30, 2018

(Continued)

Government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These financial statements provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, the fund financial statements, which consist of the Fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances, tell how services were financed in the short-term, as well as what remains for future spending for governmental funds. 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 her 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 has also provided assurance about Supplementary Financial Information required by GOEA that follows later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

### BASIC FINANCIAL STATEMENTS

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

#### **Government-Wide Financial Statements**

Management's analysis of the Council as a whole begins on page 13. When reading these financial statements, an important point to consider is whether the Council's finances as a whole, are better or worse off as a result of this year's activities. The Statement of Net Position and the Statement of Activities, referred to collectively as the government-wide financial statements, report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Also, under the accrual basis, all current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements report the Council's net position and changes in net position. The Council has restricted net position of \$-0- which must be used for specific purposes, whereas \$287,831 of the net position are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Position is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net position is one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Morehouse Council on Aging, Inc.

June 30, 2018

(Continued)

The Statement of Activities provides information that shows how the Council's net position changed as a result of the year'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 the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future periods. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare and Social Services function is comprised of seven primary programs that include supportive social services, nutritional services, disease prevention and health promotion, family caregiver support, senior citizen activities, Medicare outreach and enrollment, and non-elderly transportation services. 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 government 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 with the intent to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council does not have any business-type activities.

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Council as a whole entity. In the fund financial statements, there are column presentations for a General Fund, three Special Revenue Funds that have been determined to be "Major Funds," and a column for the total of all remaining Special Revenue Funds, which are deemed to be "Nonmajor Funds." Major funds are those funds 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 is believed to be important for the Council's financial statement users. This year the Council presented the General and four Special Revenue Funds as Major Funds. The General Fund is used to account for all resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service of 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 General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified* accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future for Council

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Morehouse Council on Aging, Inc.

June 30, 2018

(Continued)

programs. The difference between net position of governmental activities and fund balances of the governmental funds is reconciled at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balance for the governmental funds and the change in net position for the governmental activities has been reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

### Notes to the Financial Statements

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

#### **SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and for each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final budgets to actual budget 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 is also required supplementary information (RSI) by GASB Statement 34. However, GASB 34 requires it to be presented as the first item in this reporting package and not with GASB's other RSI, which is included later in this reporting package.

#### **OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules this information. This information will be used by GOEA to verify the accuracy of the information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

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

The following table reflects condensed information on the Council's assets, liabilities, and net position for fiscal years 2017 and 2016.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Morehouse Council on Aging, Inc.

**June 30, 2018**

(Continued)

	2018	2017	Increase (Decrease)
Current and Other Assets:			
Current Assets	\$ 351,006	\$ 414,864	\$ (63,858)
Other Assets	170	170	-
Capital Assets, net of depreciation	301,777	273,389	28,388
Total Assets	652,953	688,423	(35,470)
Current and Other Liabilities	120,603	160,663	(40,060)
Total Liabilities	120,603	160,663	(40,060)
Net Position:			-
Invested in Capital Assets	244,519	205,035	39,484
Restricted	-	-	-
Unrestricted	287,831	322,725	(34,894)
Total Net Position	\$ 532,350	\$ 527,760	\$ 4,590

As of June 30, 2018 the Council "as a whole" had assets greater than its liabilities of \$532,350 whereas at June 30, 2017 net position was \$527,760 This is an increase of \$4,590.

About 54% and 61% of the Council's total net position is unrestricted as of June 30, 2018 and 2017, respectively. Unrestricted net position is important because they provide the discretionary resources management will need so that it can quickly adapt to changes in the economy, emergencies, unexpected needs, and reductions in or termination of grant revenues by government agencies.

The Council's restricted net position represent 0% and 0% of the Council's total net position as of June 30, 2018 and 2017, respectively. 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 position that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them. For 2018, debt of \$57,258 has to be subtracted from the capital asset amount. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps assure management will stay within its financial means so that future revenues will be spent for client services instead of debt service.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Morehouse Council on Aging, Inc.

**June 30, 2018**

(Continued)

The table presented below illustrates a condensed presentation of the revenues and expenses:

	<b>2018</b>	<b>% of Total</b>	<b>2017</b>	<b>% of Total</b>
<b><u>Revenues</u></b>				
Program Revenues:				
Charges for Services	\$ -	0.00%	\$ -	0.00%
Operating Grants & Contributions	1,031,558	91.39%	1,068,708	94.63%
Capital Grants & Contributions	-	0.00%	-	0.00%
General Revenues				
Unrestricted Grants & Contributions	-	0.00%	-	0.00%
Other General Revenues	97,145	8.61%	60,699	5.37%
<b>Total Revenues</b>	<b>1,128,703</b>	<b>100.00%</b>	<b>1,129,407</b>	<b>100.00%</b>
 <b>Direct Program Expenses for the Health Welfare and Social Services Function:</b>				
<b><u>Supportive Services:</u></b>				
Transportation for the Elderly	51,477	4.58%	63,199	5.55%
Other Supportive Services	52,458	4.67%	67,104	5.89%
<b><u>Nutrition Services:</u></b>				
Congregate Meals	97,268	8.65%	98,047	8.61%
Home-delivered Meals	104,129	9.26%	109,909	9.65%
Other Social Service Programs and Activities	24,822	2.21%	25,148	2.21%
Section 8 Housing	526,659	43.67%	534,162	41.73%
<b>Direct Administrative Expenses</b>	<b>267,300</b>	<b>23.78%</b>	<b>241,393</b>	<b>21.19%</b>
<b>Total Expenses</b>	<b>1,124,113</b>	<b>96.82%</b>	<b>1,138,962</b>	<b>94.83%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 4,590</b>		<b>\$ (9,555)</b>	

As illustrated by the table above, the Council gets most of its revenues from operating grants and contributions that are specifically related to a program and must be used in the programs to which they relate. Unrestricted grants and contributions make up the second largest percentage of revenues and this revenue is available to management to use at its discretion.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Morehouse Parish Council on Aging, Inc.

June 30, 2018

(Continued)

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

The Council had an increase of \$4,590 its net position for YE 2018, whereas the decrease in net position for position YE 2017 was 9,555. There is a reconciliation that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances that presents an analysis of why there are differences between that particular fund financial statement and the government-wide Statement of Activities for YE 2018.

### AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are case management, transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Morehouse Parish and right now, these services are in the greatest demand. However, there is a growing demand for other supportive services. As these demands increase, management will adjust its annual budget to reallocate available resources to meet the demands.

Another area of interest on the Statement of Activities relates to the total governmental activities column wherein the Council shows that most of the governmental activities have more expenses than revenues. None of the programs are expected to be truly self-supporting; and management has prepared budgets accordingly. However, on occasion, a program might "break even" or even make a slight "profit." Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. Without the unrestricted grants and contributions, the Council would have a difficult time providing services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services as well as reallocating them to meet future demands.

Another indication of how money is used efficiently can be analyzed by comparing the amount of administrative costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2018, total administration expenses were \$267,300, or 24% of total expenses. For 2017, total administrative expenses were \$241,393, or 21% of total expenses. Administration expenses include indirect type costs, meaning these are costs that are not specifically identified with a particular program, but which benefit all programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Morehouse Parish Council on Aging, Inc.

June 30, 2018

(Continued)

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

**Fund Balances**

The Council presents a combined governmental fund balance of \$287,831 as shown on the Fund Financial Statement's Balance Sheet) at the end of this year, which is a decrease of \$34,894 from 2017. When you look at the funds individually, you will see that the Council's General Fund decreased by \$34,894 this year.

**Revenues**

The combined fund revenues decreased by \$7,252 this year versus last year, as shown in the table below:

	<u>2018</u>	<u>2017</u>	<u>Amount</u>	<u>Percent</u>
Intergovernmental	\$ 997,128	\$ 1,025,438	\$ (28,310)	-2.76%
Public Support	90,272	104,028	(13,756)	-13.22%
Miscellaneous	147,435	112,621	\$ 34,814	30.91%
Total Revenues	<u>\$ 1,234,835</u>	<u>\$ 1,242,087</u>	<u>\$ (7,252)</u>	<u>-0.58%</u>

Most of the Council's activities were funded by federal, state, and local grants, which comprise the Council's intergovernmental revenues. The total of these types of grants was \$997,128 (2018) and \$1,025,438 (2017) and represent 81% and 83% of the total revenues of the Council in 2018 and 2017, respectively. Most of these grants are restricted, which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year; however, some grant amounts may vary based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also received donations from its clients and the general public. These revenues helped to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues for 2018 were \$90,272, (\$104,028 for 2017) and represented about 7% and 8% of the total revenues for 2018 and 2017, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Morehouse Parish Council on Aging, Inc.

June 30, 2018

(Continued)

Expenditures

Total expenditures increased by \$29,480 this year, as shown in the table that follows.

	2018	2017	Increase/(Decrease)	
			Amount	Percent
Personnel	\$ 295,060	\$ 291,562	\$ 3,498	1.20%
Fringe	28,120	33,709	(5,589)	-16.58%
Travel	8,790	9,436	(646)	-6.85%
Operating Services	757,351	756,149	1,202	0.16%
Operating Supplies	32,185	36,708	(4,523)	-12.32%
Other Costs	-	16,149	(16,149)	100.00%
Meals	102,198	91,360	10,838	11.86%
Utility Assistance	-	-	-	100.00%
Capital Outlay	46,025	5,176	40,849	0.00%
Total	<u>\$ 1,269,729</u>	<u>\$ 1,240,249</u>	<u>\$ 29,480</u>	<u>2.38%</u>

AN ANALYSIS OF THE GENERAL FUND BUDGET

Over the course of the past fiscal year, the budget was amended one time. The amendment effectively approves any expenditures that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA. A schedule of the original and amended budgets for the General Fund can be found in the Supplementary Financial Information Required by GASB 34 section of this report.

All of the Council's grants and contracts from the federal and state agencies have been awarded for FY 2019. There were no significant changes to funding levels or terms of grants or contracts.

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it received. If you have any questions about this report or wish to ask for more information, you should contact Mr. Reggie DeFreese, Jr., Executive Director, P O Box 1471, Bastrop, Louisiana, or by phone at (318) 283-0845.

MOREHOUSE COUNCIL ON AGING, INC.

Government Wide Statement of Net Position

June 30, 2018

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 349,966
Grants and contracts receivable	1,040
Capital assets, net of accumulated depreciation	301,777
Deposits	<u>170</u>
Total assets	<u>652,953</u>
Deferred outflows of resources	<u>-</u>
<b>Liabilities</b>	
Accounts payable	62,447
Due to funding agency	898
Current maturities of notes payable	11,546
Non-current maturities of note payable	<u>45,712</u>
Total liabilities	<u>120,603</u>
Deferred inflows of resources	<u>-</u>
<b>Net position</b>	
Invested in Capital Assets, net of debt	244,519
Unrestricted	<u>287,831</u>
Total net position	<u><u>\$ 532,350</u></u>

The accompanying notes are an integral part of this statement.

MOREHOUSE COUNCIL ON AGING, INC.

GOVERNMENT WIDE STATEMENT OF ACTIVITIES

For the Year ended June 30, 2018

Functions/Programs	Direct Expenses	Indirect Expenses	Program Revenues			Capital Grants and Contributions	Net (Expenses) Revenues and Increases (Decreases) in Net Position
			Charges for Services	Operating Grants and Contributions			Total Governmental Activities
Governmental Activities							
Health, Welfare & Social Services:							
Supporting Services:							
Other Services	\$ 6,056	\$ 3,107	\$ -	\$ 7,445	\$ -	\$ -	\$ (1,718)
Homemaker	33,309	17,090	-	40,948	-	-	(9,451)
Information and Assistance	6,056	3,107	-	7,447	-	-	(1,716)
Legal Assistance	3,000	-	-	3,000	-	-	-
Outreach	4,037	2,072	-	4,962	-	-	(1,147)
Transportation	51,477	26,414	-	63,284	-	-	(14,607)
Nutrition Services:	-	-	-	-	-	-	-
Congregate Meals	97,268	58,223	-	137,519	-	-	(17,972)
Home Delivered Meals	104,129	61,300	-	146,305	-	-	(19,124)
Utility Assistance	-	-	-	-	-	-	-
Disease Prevention and Health Promotion	4,006	520	-	4,009	-	-	(517)
National Family Caregiver Support	20,816	3,033	-	22,686	-	-	(1,163)
Section 8 Housing	526,659	68,386	-	569,905	-	-	(25,140)
Administration	267,300	(243,252)	-	24,048	-	-	-
Total Governmental activities	<u>\$ 1,124,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,031,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (92,555)</u>
General Revenues:							
Grants and contributions not restricted to specific programs							38,888
Miscellaneous							58,257
Total general revenues and special items							<u>97,145</u>
Increase (Decrease) in net position							4,590
Net position - end of the year							<u>527,760</u>
							<u>\$ 532,350</u>

The accompanying notes are an integral part of this statement.

MOREHOUSE COUNCIL ON AGING, INC.

Balance Sheet  
 Governmental Funds  
 June 30, 2018

	General Fund	Section 8	IIIB	C-1	C-2	Non-Major Funds	Total
<b>Assets</b>							
Cash	\$ 308,617	\$ 41,349	\$ -	\$ -	\$ -	\$ -	\$ 349,966
Grants and contracts receivable	-	-	-	-	-	1,040	1,040
Due from other Funds	1,040	-	-	-	-	-	1,040
Deposits	170	-	-	-	-	-	170
<b>Total Assets</b>	<b>\$ 309,827</b>	<b>\$ 41,349</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,040</b>	<b>\$ 352,216</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable	\$ 21,098	\$ 41,349	\$ -	\$ -	\$ -	\$ -	\$ 62,447
Due to Funding Agency	898	-	-	-	-	-	898
Due to other funds	-	-	-	-	-	1,040	1,040
<b>Total Liabilities</b>	<b>21,996</b>	<b>41,349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,040</b>	<b>64,385</b>
<b>Fund Balances</b>							
Reserved for:							
Utility assistance	-	-	-	-	-	-	-
Unassigned	287,831	-	-	-	-	-	287,831
<b>Total Fund Balances</b>	<b>287,831</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287,831</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 309,827</b>	<b>\$ 41,349</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,040</b>	<b>\$ 352,216</b>

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

because:

Other revenues are not available to pay for current expenditures and are deferred in the funds	-
Notes payable are not reported as revenue in the government wide funds	(57,258)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	301,777

Net position of Governmental Activities \$ 532,350

MOREHOUSE COUNCIL ON AGING, INC.

Combining Statement of Program Revenues, Expenditures  
and Changes in Fund Balances

For the Year Ended June 30, 2018

	General	Section 8	Title IIIB	C-1	C-2	Non-Major Funds	Totals
<u>REVENUES</u>							
Intergovernmental:							
Governor's Office of Elderly Affairs	\$113,027	\$ -	\$ 75,038	\$92,247	\$92,215	\$54,696	\$ 427,223
Housing and Urban Development	60,300	509,605	-	-	-	-	569,905
Health and Hospitals	-	-	-	-	-	-	-
Contract Services	19,925	-	-	-	-	-	19,925
Developer Fees	-	-	-	-	-	-	-
Public Support:							
Unrestricted	38,888	-	-	-	-	-	38,888
Restricted - Utility Programs	-	-	-	-	-	-	-
Charitable Gaming	107,032	-	-	-	-	-	107,032
Client Contributions	-	-	4,117	28,253	19,014	-	51,384
Miscellaneous	20,478	-	-	-	-	-	20,478
<b>Total Revenues</b>	<b>359,650</b>	<b>509,605</b>	<b>79,155</b>	<b>120,500</b>	<b>111,229</b>	<b>54,696</b>	<b>1,234,835</b>
<u>EXPENDITURES</u>							
Salaries	106,677	-	78,949	49,860	55,693	3,881	295,060
Fringe	11,641	-	7,031	4,324	4,826	298	28,120
Travel	499	-	7,682	272	337	-	8,790
Operating Services	141,558	509,605	26,438	28,057	29,584	22,109	757,351
Operating Supplies	16,118	-	6,986	3,907	4,767	407	32,185
Other Costs	-	-	-	-	-	-	-
Meals	-	-	-	51,099	51,099	-	102,198
Utility Assistance	-	-	-	-	-	-	-
Capital Outlay	46,025	-	-	-	-	-	46,025
<b>Total Expenditures</b>	<b>322,518</b>	<b>509,605</b>	<b>127,086</b>	<b>137,519</b>	<b>146,306</b>	<b>26,695</b>	<b>1,269,729</b>
Excess (deficiency) of revenues over expenditures	37,132	-	(47,931)	(17,019)	(35,077)	28,001	(34,894)
<u>OTHER FINANCING SERVICES (USES)</u>							
Operating transfers in	1,040	-	47,931	17,019	35,077	-	101,067
Operating transfers out	(73,066)	-	-	-	-	(28,001)	(101,067)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(34,894)	-	-	-	-	-	(34,894)
<u>FUND BALANCES</u>							
Beginning of year (restated)	322,725	-	-	-	-	-	322,725
End of year	\$287,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,831

The accompanying notes are an integral part of this statement.

MOREHOUSE COUNCIL ON AGING, INC.

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

Year Ended June 30, 2018

Net Increase (Decrease) in fund balances total governmental funds	\$ (34,894)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$46,025) exceeds depreciation (\$17,637)	28,388
Some revenue is not available to pay current expenditures and are deferred in the funds	-
The repayment of long-term debt consumes the current financial resources of governmental funds. The repayment of debt is not an expenditure in the statement of activities	<u>11,096</u>
Increase (Decrease) of net position of governmental activities	<u>\$ 4,590</u>

The accompanying notes are an integral part of this statement.

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements

June 30, 2018

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Morehouse Council on Aging (the Council) 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 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 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 of other conditions affecting the welfare of the aging people Morehouse Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

The primary services provided by the Council to the elderly residents of Morehouse Parish include congregate and home-delivered meals, nutritional education, information and assistance, outreach, utility assistance, homemaker services, telephoning, personal care, wellness, medication management, family caregiver support, medical alert rentals, transportation.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Reporting Entity**

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

Morehouse Council on Aging (the Council) is a legally separate, non-profit, quasi-public corporation. The Council incorporated under the provisions of Title 12, Chapter of the Louisiana Revised Statutes on September 21, 1996.

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

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

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Reporting Entity (Continued)**

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government, nor does it have component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a special-purpose, stand-alone government; accordingly, it is applying the provisions of Statement 14 as if it a primary government.

**c. Basis of Presentation of the Basic Financial Statements**

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

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business-type". The Council's functions and programs have been 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 and the Statement of Activities 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 assets (financial position) resulting from the activities of the current year. Intergovernmental revenues primarily support governmental activities.

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

The Statement of Net Position has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net position are reported in three parts - invested in assets, net of related debt; restricted net position; and unrestricted net position.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Basis of Presentation of the Basic Financial Statements (Continued)**

The government-wide Statement of Activities reports both the gross and net cost of each Council's functions and significant programs. Many functions and programs are general government revenues such as intergovernmental revenues and unrestricted support, particularly if the function or program has a net cost. The Statement of begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as services, operating and capital grants, and restricted contributions, to derive the net cost each function or program. Program revenues must be directly associated with the program to be used to directly offset its cost. Operating grants include operating-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 a specific function or program, whereas, the Council allocates its indirect expenses various functions and programs in accordance with OMB Circular A-87, *Cost States, Local, and Indian Tribal Governments*. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses."

In the Statement of Activities, charges for services represent program revenues obtained Council when it renders services provided by a specific function or program to people or entities. Unrestricted contributions, unrestricted grants, interest income, and revenues that are not included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the management that are either unusual in nature or infrequent in occurrence and are reported below general revenues. The Council did not have any material special items this year.

**Fund Financial Statements:**

The fund financial statements present financial information very similar to that which included in the general-purpose financial statements issued by governmental entities GASB Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds. accounting is designed to demonstrate legal compliance and to aid financial segregating transactions relating to certain governmental functions or activities. The of each fund are accounted for with a separate set of self-balancing accounts that assets, liabilities, equity, revenues, and expenditures. Government resources are and accounted for in individual funds based upon the purpose for which they are to be and the means by which spending activities are controlled.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Basis of Presentation of the Basic Financial Statements (Continued)**

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

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

The following 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 the financial resources except those required to be accounted for in another fund. The following is a brief description of the programs or funding sources that comprise 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 at management's discretion. Expenditures to acquire fixed assets and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where 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.

**Section 8 Fund**

The Council operates a Section 8 Housing Program for low income families and the elderly to afford decent, safe, and sanitary housing for program participants.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Basis of Presentation of the Basic Financial Statements (Continued)**

**PCOA Funding**

PCOA funds are appropriated annually for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council's management may use these "Act 735" funds at its discretion to fund any of its programs provided the program is benefiting elderly people (those who are at least 60 years old). In FY 2018, the Council received this grant money into its General Fund and management transferred \$30,095 of the PCOA funds to the IIIB, C-1 and C-2 Funds to help pay for that fund's program expenditures.

**Senior Center and Supplemental Senior Center Funding**

Senior Center and Supplemental Senior Center grant funds are also appropriated annually for the Council and remitted to the Council via GOEA. These grant funds can be used at management's discretion to pay for costs of any program involving elderly who are at least 60 years old. To obtain supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community, the elderly person will come to a "senior center." During the year, management transferred \$42,970 of its Senior Center Funds to the IIIB Fund to subsidize that program's costs of providing services to elderly persons who use the senior centers.

**Audit Funding**

Each year GOEA provides funds to subsidize the cost of the Council's annual audit. The Council did not receive any audit funds for 2018.

**Transportation Program Services**

The Council provides various transportation services to the residents of Morehouse Parish who are at least 60 years old, which are accounted for in the "Elderly Transportation" program of the Title III B Fund.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Basis of Presentation of the Basic Financial Statements (Continued)**

**NonMajor Governmental Funds:**

**Title III B Fund**

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

<u>Type of Service Provided</u>	<u>Units</u>
Information and Assistance	510
Outreach	248
Homemaker	2,409
Legal	37
Transportation for persons age 60 or older	4,964

There were three main sources of revenues received this year that form the basis of this fund: Special Programs for the Aging - Title III, Part B - Grants for Supportive Services (\$75,038) and restricted, voluntary contributions from those persons who received supportive services (\$4,117), and Senior Center Funds (\$42,970).

**Title III C-1 Fund**

The Title III C-1 Fund accounts for funds used to provide nutritional congregate meals persons age 60 or older in strategically located centers throughout Morehouse Parish. During the year, the Council provided 16,067 meals to persons eligible to participate in this program. There were two main sources of revenues received this year that form the basis of this fund: Special Programs for the Aging - Title III, Part C-1 - Nutrition Services grant funds (\$92,247) and restricted, voluntary contributions from those who received congregate meals (\$28,253).

**Title III C-2 Fund**

The Title III C-2 Fund accounts for funds that are used to provide nutritional meals to homebound persons who are age 60 or older. During the year the Council provided 13,671 home-delivered meals.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Basis of Presentation of the Basic Financial Statements (Continued)**

There were three main sources of revenue received this year that form the basis of this fund: Special Programs for the Aging - Title III, Part C-2 - Nutrition Services grant (\$92,215); PCOA funds (\$21,595); and restricted voluntary contributions from the (\$19,014, including those persons actually receiving home-delivered meal services.

**Title III D Fund**

The Title III D Fund is used to account for funds used for disease prevention and health promotion (wellness) activities. During the year the Council provided 458 units of service of medication management to eligible participants. The main source or the revenue forming the basis for this fund is a grant the Council received from GOEA via Special Programs for the Aging - 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 that are used to provide support for family caregivers and for grandparents or older individuals who are relative. During the year, the Council provided 680 units of respite under this program. The source of the revenue forming the basis for this fund is a grant the Council received GOEA for the Title III, Part E - National Family Caregivers Support Program.

**Utility Assistance Fund**

This fund is used to account for the administration of the utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on aging throughout the to provide assistance to the elderly for the payment of utility bills.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Basis of Presentation of the Basic Financial Statements (Continued)**

**EFSP Fund**

The EFSP Fund is used to account for the administration of the Emergency Food and Shelter National Board Program (EFSP), the purpose of which is to supplement food shelter assistance to individuals. Funds are provided by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) to the United Way of America, which in turn "passes through" the funds to the Council. The Council did not receive FEMA funds in 2018.

**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 measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 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 sixty days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d. Measurement Focus and Basis of Accounting (Continued)**

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

**e. Interfund Activity**

In the fund financial statement, interfund activity is reported as either loans or transfers. 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.

For the purpose of the Statement of Net Position, restricted cash are amounts 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, there was no restricted cash.

**g. Receivables**

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectability of any receivable, management would write off the receivable as a bad at that time.

**h. Investments**

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

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h. Investments (Continued)**

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

**i. Prepaid Expenses/Expenditures**

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

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

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

**j. Capital Assets**

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

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j. Capital Assets (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 Assets. 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 as incurred.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the assets 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 assets are as follows:

Office equipment - other than computers	6 years
Vehicles	5 years
Computer equipment	5 years
Leasehold improvements	20 years
Nutrition equipment	10 years

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

**k. Non-Current (Long-Term) Liabilities**

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources 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.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l. Unpaid Compensated Absences**

The Council's policy for vacation time does not allow its employees to accumulate but unused vacation leave. Accordingly, no liability for unpaid vacation leave has been recorded in the Government-Wide Statements.

**m. Advances from Funding Agency**

Advances from funding agency represent unexpected balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to 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. Advances to funding agency included in accounts payable totaled \$898.

**n. Deferred Revenue**

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 Fund Balance Sheet, whichever the case might be; and the revenue is recognized. The Council did not have any deferred revenue at year end.

**o. Net Position in the Government-Wide Financial Statements**

In the government-wide Statement of Net Position, the net position amount is classified and displayed in three different components:

- Invested in capital assets - This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o. Net Position in the Government-Wide Financial Statements (Continued)**

- Restricted net position - This component consists of net position with constraints 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 or enabling legislation.
- Unrestricted net position - This component consists of all other net position that do meet the definition of "restricted" or "invested in capital" assets.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first to finance its activities.

**p. Fund Equity - Fund Financial Statements**

Governmental fund equity is classified as fund balance. Beginning with FY 2010, the Council's management implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of resources that 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.

Management has classified fund balance for utility assistance as being restricted due to constraints on the use of the money.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**p. Fund Equity - Fund Financial Statements (Continued)**

- **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-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 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 amounts that are constrained by the intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose. The Council has no assigned fund balance at year end.
- **Unassigned:** This classification is the residual fund balance for the General Fund. also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

**q. 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.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**r. 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. The net cost of the Administration function is allocated using 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.

**s. Elimination and Reclassifications**

In the process of aggregating data for the Statement of Net Position and the Statement 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.

**t. Accounting Pronouncement**

Management has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The main financial statement effects relating to this accounting standard are with how components of the Council's fund balances will be presented on the fund balance sheet and on the presentation of special revenue funds on the statement of revenues, expenditures and changes in fund balances. The number of special revenue funds will less than in previous years because of the new definition of what constitutes a special revenue fund.

## **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, and interest income must be both measurable and available. However, the timing and amounts of the receipts of public and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

## **Note 3 - CASH**

The Council maintains a consolidated operating bank account at a bank, which is available use by all funds to deposit revenues and pay expenses. The purpose of this 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.

At year end, the carrying amount of the Council's cash balances was \$349,966, whereas, the bank balances totaled \$356,104. The difference in the book and bank balances for cash balances relates primarily to outstanding deposits and checks at year end. Bank balances of \$356,104 were collateralized by FDIC insurance.

## **Note 4 - IN-KIND CONTRIBUTIONS**

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

**Note 5 - CHANGES IN CAPITAL ASSETS AND ACCUMULATED DEPRECIATION**

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

Capital Assets	Balance 6/30/217	Increase	Decrease	Balance 6/30/2018
Building	\$ 369,101	\$ -	\$ -	\$ 369,101
Furniture and Equipment	212,350	46,025	-	258,375
Leasehold Improvements	61,644	-	-	61,644
Subtotal	<u>643,095</u>	<u>46,025</u>	<u>-</u>	<u>689,120</u>
Building	131,648	10,400	-	142,048
Furniture & Equipment	176,414	7,237	-	183,651
Leasehold Improvements	61,644	-	-	61,644
Subtotal	<u>369,706</u>	<u>17,637</u>	<u>-</u>	<u>387,343</u>
Net Assets	<u>\$ 273,389</u>	<u>\$ 28,388</u>	<u>\$ -</u>	<u>\$ 301,777</u>

Depreciation was charged to governmental activities as follows:

Administration	\$ 10,400
Title IIIB, Supportive Services	<u>7,237</u>
Total	<u>\$ 17,637</u>

**Note 6 - BOARD OF DIRECTORS' COMPENSATION**

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

**Note 7 - INCOME TAX STATUS**

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501 ( c )( 3 ) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509 ( a ) of the Code. The Council is also exempt from Louisiana income tax. The Council is required to file Form 990 with the Internal Revenue Service on an annual basis. Returns for years ended June 30, 2015 and later are subject to review by the Internal Revenue Service. The Council is not aware of any uncertain tax positions that could cause future tax liabilities.

**Note 8 - RISK MANAGEMENT**

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

The Council's 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.

**Note 9 - JUDGMENTS, CLAIMS AND SIMILAR CONTINGENCIES**

As of the end of this fiscal year, the Council's management has no knowledge of any pending litigation, lawsuits or claims against the Council, except as described in the next paragraph. Furthermore, the Council's management believes that any unexpected lawsuits or claims that might be filed against the Council would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

**Note 10 - CONTINGENCIES - GRANT PROGRAMS**

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules 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 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 11 - INTERFUND RECEIVABLES AND PAYABLES**

Because the Council operates most of 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 in the Fund Financial Statements. A summary of those interfund loans at year end is as follows:

	Due from Other Funds		Due to Other Funds	
General Fund	\$	1,040	\$	-
Special Revenue		-		1,040
<b>Total</b>	<b>\$</b>	<b>1,040</b>	<b>\$</b>	<b>1,040</b>

These loans have been eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

**Note 12 - INTERFUND TRANSFERS**

Interfund transfers are listed by fund for the fiscal year as follows:

Transfer To	Fund Transferred From					Total
	Local	PCOA	NSIP	Supplemental Senior Ctr	Senior Center	
General Fund	\$ -					\$ -
Total General	-	-	-	-	-	-
Case Management	-	-	-	-	-	-
Special Revenue Funds:						
MIPPA	1,040	-	-	-	-	1,040
AAA	-	-	-	-	-	-
III-B	-	4,961		10,912	32,058	47,931
C-1		3,539	13,480			17,019
C-2	1	21,595	13,481			35,077
Senior Center	-	-	-	-	-	-
III-E	-	-	-	-	-	-
Utility Assistance	-	-	-	-	-	-
Total Special Revenue	1,041	30,095	26,961	10,912	32,058	101,067
Total All	\$ 1,041	\$ 30,095	\$ 26,961	\$ 10,912	\$ 32,058	\$ 101,067

### Note 13 - ECONOMIC DEPENDENCY

The Council receives the majority of its revenue from other governments in the form of intergovernmental revenues. Intergovernmental type revenues are appropriated each year by the federal, state, and local governments. If significant budget cuts are made at the state and/or local 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 actions that will adversely affect the amount of funds the Council will receive in the fiscal year 2016 relating to its usual sources of intergovernmental revenues.

### Note 14 - RELATED PARTY TRANSACTIONS

There were no related party transactions during the fiscal year.

### Note 15 - DEBT

Debt at June 30, 2018 consisted of the following:

	Balance 6/30/2017	Principal Payments	Balance 6/30/2018
USDA			
Principal payments	\$ 68,354	\$ (11,096)	\$ 57,258

The note payable to USDA is payable in monthly installments of \$1,159, bears interest at the rate of 4.375% and is collateralized by a building.

Maturities of notes payable are as follows:

	Principal	Interest	Total
	\$ -	\$ -	\$ -
2019	11,546	2,362	13,908
2020	12,062	1,846	13,908
2021	12,600	1,308	13,908
2022	13,162	746	13,908
2023 and after	7,888	173	23,006
Total	\$ 57,258	\$ 6,435	\$ 78,638

### Note 16 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 4, 2018, which is the date the financial statements were available to be issued, and determined no additional disclosures are necessary.

MOREHOUSE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - General Fund

June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u> <u>Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 112,877	\$ 112,877	\$ 113,027	\$ 150
Housing & Urban Development	57,600	57,600	60,300	2,700
Social Services	-	-	-	-
Health & Hospitals	952	952	-	(952)
Contributions	32,123	32,123	38,888	6,765
Contract Services	20,700	20,700	19,925	(775)
Charitable Gaming	108,615	108,615	107,032	(1,583)
Miscellaneous	8,454	8,454	20,478	12,024
<b>Total Revenues</b>	<b>341,321</b>	<b>341,321</b>	<b>359,650</b>	<b>18,329</b>
<b>EXPENDITURES</b>				
Current:				
Personnel	67,138	67,138	106,677	(39,539)
Fringe	12,806	12,806	11,641	1,165
Travel	834	834	499	335
Operating Services	131,754	131,754	141,558	(9,804)
Operating Supplies	26,832	26,832	16,118	10,714
Other Costs	-	-	-	-
Capital Outlay	5,176	5,176	46,025	(40,849)
<b>Total Expenditures</b>	<b>244,540</b>	<b>244,540</b>	<b>322,518</b>	<b>(77,978)</b>
Excess (deficiency) of revenues over expenditures	96,781	96,781	37,132	(59,649)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,040	1,040
Transfers out	(94,943)	(94,943)	(73,066)	21,877
<b>Total other financing sources and uses</b>	<b>(94,943)</b>	<b>(94,943)</b>	<b>(72,026)</b>	<b>22,917</b>
Net increase (decrease) in fund balances	1,838	1,838	(34,894)	(36,732)
<b>FUND BALANCES</b>				
Beginning of year	322,725	322,725	322,725	-
End of year	\$ 324,563	\$ 324,563	\$ 287,831	\$ (36,732)

MOREHOUSE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - Section 8

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>Amounts</u>	<u>Final Budget</u>
			<u>GAAP</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental				
Department of HUD	\$ 523,814	\$ 523,814	\$ 509,605	\$ (14,209)
Public Support	-	-	-	-
Total Revenues	<u>523,814</u>	<u>523,814</u>	<u>509,605</u>	<u>(14,209)</u>
<b>EXPENDITURES</b>				
Current:				
Personnel	-	-	-	-
Fringe	-	-	-	-
Travel	-	-	-	-
Operating Services	523,814	523,814	509,605	14,209
Operating Supplies	-	-	-	-
Other Costs	-	-	-	-
Meals	-	-	-	-
Total Expenditures	<u>523,814</u>	<u>523,814</u>	<u>509,605</u>	<u>14,209</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MOREHOUSE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - Supportive Services Fund

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>Amounts</u>	<u>Final Budget</u>
			<u>GAAP</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 75,038	\$ 75,038	\$ 75,038	\$ -
Public Support	<u>6,500</u>	<u>6,500</u>	<u>4,117</u>	<u>(2,383)</u>
Total Revenues	<u>81,538</u>	<u>81,538</u>	<u>79,155</u>	<u>(2,383)</u>
<b>EXPENDITURES</b>				
Current:				
Personnel	89,998	89,544	78,949	10,595
Fringe	11,699	11,640	7,031	4,609
Travel	8,356	8,341	7,682	659
Operating Services	38,737	37,118	26,438	10,680
Operating Supplies	14,124	11,568	6,986	4,582
Other Costs	3,750	3,750	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>166,664</u>	<u>161,961</u>	<u>127,086</u>	<u>31,125</u>
Excess (deficiency) of revenues over expenditures	<u>(85,126)</u>	<u>(80,423)</u>	<u>(47,931)</u>	<u>28,742</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	85,126	80,423	47,931	(32,492)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>85,126</u>	<u>80,423</u>	<u>47,931</u>	<u>(32,492)</u>
Net increase (decrease) in fund balances	-	-	-	-
<b>FUND BALANCES</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MOREHOUSE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - Title III C-1 Fund

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>GAAP</u> <u>Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental				
Governor's Office of Elderly Affairs	92,247	\$ 92,247	\$ 92,247	\$ -
Public Support	<u>25,000</u>	<u>25,000</u>	<u>28,253</u>	<u>3,253</u>
Total Revenues	<u>117,247</u>	<u>117,247</u>	<u>120,500</u>	<u>3,253</u>
<b>EXPENDITURES</b>				
Current:				
Personnel	57,279	57,498	49,860	7,638
Fringe	7,446	7,474	4,324	3,150
Travel	843	850	272	578
Operating Services	36,314	36,367	28,057	8,310
Operating Supplies	5,703	4,855	3,907	948
Meals	49,950	49,950	51,099	(1,149)
Other Costs	<u>3,850</u>	<u>3,850</u>	<u>-</u>	<u>3,850</u>
Total Expenditures	<u>161,385</u>	<u>160,844</u>	<u>137,519</u>	<u>23,325</u>
Excess (deficiency) of revenues over expenditures	<u>(44,138)</u>	<u>(43,597)</u>	<u>(17,019)</u>	<u>26,578</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	44,138	43,597	17,019	(26,578)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>44,138</u>	<u>43,597</u>	<u>17,019</u>	<u>(26,578)</u>
Net increase (decrease) in fund balances	-	-	-	-
<b>FUND BALANCES</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MOREHOUSE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - Title III C-2 Fund

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>GAAP</u> <u>Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 92,215	\$ 92,215	\$ 92,215	\$ -
Public Support	<u>16,500</u>	<u>16,500</u>	<u>19,014</u>	<u>2,514</u>
Total Revenues	<u>108,715</u>	<u>108,715</u>	<u>111,229</u>	<u>2,514</u>
<b>EXPENDITURES</b>				
Current:				
Personnel	66,957	67,178	55,693	11,485
Fringe	8,704	8,732	4,826	3,906
Travel	909	916	337	579
Operating Services	37,577	37,495	29,584	7,911
Operating Supplies	5,952	5,106	4,767	339
Meals	49,950	49,950	51,099	(1,149)
Other Costs	<u>3,850</u>	<u>3,850</u>	<u>-</u>	<u>3,850</u>
Total Expenditures	<u>173,899</u>	<u>173,227</u>	<u>146,306</u>	<u>26,921</u>
Excess (deficiency) of revenues over expenditures	<u>(65,184)</u>	<u>(64,512)</u>	<u>(35,077)</u>	<u>29,435</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	65,184	64,512	35,077	(29,435)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	65,184	64,512	35,077	(29,435)
Net increase (decrease) in fund balances	-	-	-	-
<b>FUND BALANCES</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MOREHOUSE COUNCIL ON AGING, INC.

Combining Statement of Program Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Special Revenue Funds  
For the Year Ended June 30, 2018

	Title IIID	Title IIIE	NSIP	MIPPA	Utility Assist	Totals
<u>REVENUES</u>						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 4,009	\$22,686	\$26,961	\$ 1,040	\$ -	\$ 54,696
Public Support:						
Restricted - Utility Programs	-	-	-	-	-	-
Client Contributions	-	-	-	-	-	-
Total Revenues	4,009	22,686	26,961	1,040	-	54,696
<u>EXPENDITURES</u>						
Salaries	-	3,881	-	-	-	3,881
Fringe	-	298	-	-	-	298
Travel	-	-	-	-	-	-
Operating Services	4,009	18,100	-	-	-	22,109
Operating Supplies	-	407	-	-	-	407
Other Costs	-	-	-	-	-	-
Meals	-	-	-	-	-	-
Utility Assistance	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	4,009	22,686	-	-	-	26,695
Excess (deficiency) of revenues over expenditures	-	-	26,961	1,040	-	28,001
<u>OTHER FINANCING SERVICES (USES)</u>						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	(26,961)	(1,040)	-	(28,001)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-
<u>FUND BALANCES</u>						
Beginning of year (Restated)	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MOREHOUSE COUNCIL ON AGING, INC.

Statement of Fixed Assets  
and Changes in Fixed Assets

For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
General Fixed Assets, at cost:				
Building	\$ 369,101	\$ -	\$ -	\$ 369,101
Furniture and equipment	212,349	46,025	-	258,374
Leasehold Improvements	61,645	-	-	61,645
<b>Total</b>	<b>\$ 643,095</b>	<b>\$ 46,025</b>	<b>\$ -</b>	<b>\$ 689,120</b>
Investment in General Fixed Assets:				
Property with no reflection of source and general fund acquisitions	\$ 79,817	\$ -	\$ -	\$ 79,817
Title IIIC-1	7,511	-	-	7,511
Title III C-2	2,890	-	-	2,890
Senior Center	4,690	-	-	4,690
Title III B Supportive Services	604	-	-	604
Title III D	1,120	-	-	1,120
Supplemental Senior Center	3,818	-	-	3,818
Local	542,645	46,025	-	588,670
<b>Total</b>	<b>\$ 643,095</b>	<b>\$ 46,025</b>	<b>\$ -</b>	<b>\$ 689,120</b>

MOREHOUSE COUNCIL ON AGING, INC.  
Schedule of Compensation, Reimbursements, Benefits, and Other Payments  
to Agency Head  
For the Year Ended June 30, 2018

Agency Head: Reggie DeFreese, Jr.

Salary	<u>\$ 32,080</u>
Payroll Taxes	<u>\$ 2,371</u>
Insurance	<u>\$ 452</u>
Reimbursements	<u>\$ 741</u>



**Marsha O. Millican**  
A PROFESSIONAL ACCOUNTING CORPORATION

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

Board of Directors  
Morehouse Council on Aging, Inc.  
Bastrop, Louisiana

I have audited the financial statements of Morehouse Council on Aging, Inc. as of and for the year ended June 30, 2018, and have issued my report thereon dated December 4, 2018. I conducted my audit in accordance with accounting 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Morehouse Council on Aging, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, I identified a certain deficiency in internal control that I consider to be a material weakness.

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 misstatements 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.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected on a timely basis. I consider the deficiency described as Finding #2018-1 in the accompanying schedule of findings to be a material weakness.

### Compliance and Other Matters

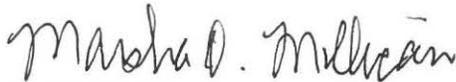
As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is reported in the accompanying schedule of findings as Finding #2018-2.

### Morehouse Council on Aging, Inc.'s Response to the Finding

Morehouse Council on Aging, Inc.'s response to the finding identified in my audit is described in the accompanying schedule of findings. Morehouse Council on Aging, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council'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 Council'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 Legislative Auditor as a public document.



Certified Public Accountant  
December 4, 2018

MOREHOUSE COUNCIL ON AGING, INC.

Schedule of Findings

For the Year Ended June 30, 2018

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. One deficiency, which is a material weakness, is reported.
3. One instance of noncompliance material to the financial statements was disclosed during the audit.

Finding/Noncompliance

Finding 2018 - #1:

Criteria: Effective internal control requires the segregation of duties.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Effect: Unknown.

Recommendation: Whether or not it would be cost effective to correct a deficiency is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies reported under accounting standards generally accepted in the United States of America. In this case, both management and the auditor do not believe that correcting the material weakness described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

Management's Response: We concur with the finding. We will segregate duties as allowed by economic and space limitations.

Finding 2018 - #2:

Criteria: State law requires all employees and board members to obtain annual ethics training.

Condition: All Council employees and board members did not obtain ethics training for the year ended June 30, 2018. Only office staff obtained ethics training. Only two board members obtained ethics training.

Cause: Unknown.

Effect: The Council is not in compliance with state law.

Recommendation: I recommend all Council employees and board members obtain the required ethics training.

Management's Response: We concur with the finding. All Council employees and board members will obtain the required ethics training in the future.

MOREHOUSE COUNCIL ON AGING, INC.

Corrective Action Taken on Prior Year Findings

Year Ended June 30, 2018

FINDING 2017-#1:

The segregation of duties is inadequate to provide effective internal control.

STATUS:

No action was recommended due to economic and space limitations and none was taken.



**Marsha O. Millican**  
A PROFESSIONAL ACCOUNTING CORPORATION

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

To the Board of Directors  
Morehouse Council on Aging, Inc.  
Bastrop, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Board of Directors of Morehouse Council on Aging, Inc. (the Council) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) the fiscal period July 1, 2017 and June 30, 2018. The Council's management is responsible for those control and compliance 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*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

My procedures and associated findings are enumerated below.

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

*The entity has written policies and procedures that adequately address the budget function.*

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*The entity has written policies and procedures that adequately address purchasing.*

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

*The entity has written policies and procedures that adequately address the disbursements function.*

- 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).

*The entity has written policies and procedures that adequately address receipts and collections.*

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

*The entity has written policies and procedures that adequately address the payroll function.*

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

*The entity has written policies and procedures that adequately address contracting.*

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

*The entity has written policies and procedures that adequately address credit card usage.*

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

*The entity has written policies and procedures that adequately address travel and expense reimbursements.*

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

*The entity has written policies and procedures that adequately address ethics.*

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

*Not applicable. The entity has no debt.*

***Board (or Finance Committee, if applicable)***

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*Not applicable because of no exceptions in previous year.*

### ***Bank Reconciliations***

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3. I obtained a listing of the Council's bank accounts from management and management's representation the listing is complete. I asked management to identify the entity's main operating account and selected the main operating account and four additional accounts. I randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:
  - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed, dated, electronically logged); and
  - c) Management has no reconciling items that have been outstanding for more that 12 months.

Procedure Results - I noted no exceptions.

### ***Collections***

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- 4 Obtain a listing of deposit sites for the the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. The Council has only one deposit site.
5. Obtain a listing of collection locations and management's representation that the listing is complete. The Council has only one collection location. I obtained and inspected written policies and procedures relating to employee job duties at the collection location andd observed that job duties are properly segregated such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger of subsidiary ledgers, unless another employee/official is responsible for reconciling
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each bank account and obtained supporting documentation. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and note any exceptions.

- a) Observe that receipts are sequentially numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100.)
- e) Trace the actual deposit per the bank statement to the general ledger.

Procedure Results - Collection procedures are in accordance with the Council's policies . I noted no exceptions.

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

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*Not applicable because of no exceptions in previous year.*

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

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- 8. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the I obtained management's representation that the listing is complete.
- 9. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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

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

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

- For each transaction, determine whether the transaction is supported by:

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

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

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

- For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- For each transaction, compare the entity's documentation of the business/public purpose to the requirement of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
  - a) Procedure Results - I noted no exceptions.

***Travel and Expense Reimbursement***

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*Not applicable because of no exceptions in previous year.*

***Contracts***

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*Not applicable because of no exceptions in previous year.*

***Payroll and Personnel***

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*Not applicable because of no exceptions in previous year.*

***Ethics (excluding nonprofits)***

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11. Using five randomly selected employees/officials, obtained ethics compliance documentation from management and determined whether the entity maintained documentation to demonstrate that required ethics training was completed.
12. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigate alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Determine whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in with policy.

Procedure Results - I noted that not all employees and board members had completed required ethics training. This a repeat exception.

*Debt Service (excluding nonprofits)*

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*Not applicable because the entity has no debt.*

I was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:514, this report is distributed by the LLA as a public document.

*Masha D. Milligan*

Certified Public Accountant  
December 4, 2018



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## MANAGEMENT LETTER

Board of Directors  
Morehouse Council on Aging, Inc.  
Bastrop, Louisiana

In planning and performing my audit of the financial statements of Morehouse Council on Aging, Inc. as of June 30, 2018, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit, I became aware of the following matter:

### Budget Variances:

The Governor's Office of Elderly Affairs, (GOEA), requires the budget be amended whenever there are changes in the categories that exceed 10% or more. Although the budget was amended, changes in the categories exceeded 10% or more, and the budget was not amended. I recommend the budget be amended whenever changes in the categories exceed 10% or more.

I will review the status of the above comment during my next engagement. I have discussed the above with the Council's management. Management has indicated that the budget will be amended whenever changes in the categories exceed 10% or more.

This report is intended solely for the information and use of the management, state and federal cognizant agencies and is not intended to be and should not be used by any others than these specified parties. Under Louisiana revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Certified Public Accountant  
December 4, 2018