

# Financial Report

St. Charles Council on Aging, Inc.  
Hahnville, Louisiana

June 30, 2017



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
St. Charles Council on Aging  
Hahnville, Louisiana

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Charles Council on Aging, Hahnville, Louisiana, (the Council) as of and for the year ended June 30, 2017, 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.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors considered internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

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

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 19) and budgetary comparison information (pages 67 through 71) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis by the Governor's Office of Elderly Affairs (GOEA). In addition, Louisiana Revised Statute 24:513 (A)(3), as amended, requires the Council to present a supplementary schedule of Compensation, Benefits, and Other Payments Made to the Council's Executive Director for the fiscal year. These schedules are not a required part of the basic financial statements.

The information in these three schedules is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



T. S. Kearns & Co, CPA  
Thibodaux, Louisiana  
December 21, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### St. Charles Council on Aging, Inc.

June 30, 2017

The following discussion and analysis of the St. Charles Council on Aging, Inc.'s financial performance provides an overview and analysis of the Council's financial performance and activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow.

#### Financial Highlights

- The Council showed a decrease in overall net position of \$366,714, or about 20%.
- Net capital assets of the Council decreased by \$14,936, or about 3.5%.
- The Council's fund revenues decreased by \$36,360, or about 2%.
- Fund expenditures increased by \$11,905, or less than 1%.
- The unassigned fund balance for the Council's General Fund was \$1,022,856, at year-end, whereas last year's unassigned fund balance was \$1,395,854.
- No deficit fund balances existed at year-end.
- The Council has no long-term debt.
- Administrative expenses decreased by \$8,724 or about 2% this year. In addition, administrative expenses were about 25% of the Council's gross operating revenue for this year versus 25% last year.

#### How to Use This Annual Report

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide financial statements are comprised of the Statement of Net Position (Exhibit A) and the Statement of Activities (Exhibit B). These financial statements provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, the fund financial statements, which consist of the Fund Balance Sheet (Exhibit C) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D), tell how services were financed in the short-term, as well as what remains for future spending for governmental funds. 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 Council's auditors have provided assurance in their independent auditors' report, located immediately before this Management's Discussion and Analysis (MD & A), that the Basic Financial Statements are fairly stated. The auditors also mention in their report that they have performed limited procedures about Management's Discussion and Analysis and certain budgetary comparison schedules required by accounting principles generally accepted in the United States of America (specifically, Governmental Accounting Standards Board (GASB) Statement 34) in this reporting package but did not audit it and therefore expresses no opinion on it. Finally, the auditors state in their report that they have applied certain audit procedures to the supplementary financial information presented for purposes of additional analysis by the Governor's Office of Elderly Affairs (GOEA) and a supplementary schedule of compensation, benefits, and other payments made to the Council's executive director as required by Louisiana law, and that this information is fairly stated in all material respects in relation to the financial statements as a whole.

On page 80 of this reporting package is a second report by the independent auditors. This report is on the Council's compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*. In that report the auditors did not identify any deficiencies in internal control over financial reporting that they considered to be material weaknesses. In addition, the auditors stated that their tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### 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

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

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

The governmental activities of the Council include Health, Welfare, and Social Services, which are comprised of six primary programs that include supportive social services, nutritional services, disease prevention and health promotion, family caregiver support, senior citizen center operations, and nonelderly public transportation. Subprogram activities are also presented to facilitate additional analysis. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity would be classified as a business-type activity. However, there

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

is one program (home-delivered meals) where the Council charges a fee for its service, but management does not view this program as a business-type activity because the Council's intent is not to make a profit when providing the service. The Statement of Activities for this program clearly shows the deficit at which it operates despite the fees charged.

### Fund Financial Statements

The Fund Financial Statements provide detailed information about the Council's most significant funds, not the Council as a whole entity. In the Fund Financial Statements, there are column presentations for a General Fund, four 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 the quantitative criteria but which is believed to be important to present to the Council's financial statement users. The General Fund is used to account for all financial 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 or capital projects. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows in and out of funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method, 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 to determine whether there are more or less financial resources that can be spent in the near future for programs. The difference between net position of governmental activities and fund balances of the governmental funds has been reconciled at the bottom of the Balance Sheet (Exhibit C) 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 (Exhibit E) 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.

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

**Notes to the Financial Statements**

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

**SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has an 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. The Council's management amended its General Fund budget as well as the major Special Revenue Fund budgets once this year.

Management's Discussion and Analysis (MD&A) is also required supplementary information (RSI) by GASB Statement 34. However, GASB Statement 34 requires the MD&A 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.

**SUPPLEMENTARY INFORMATION PRESENTED FOR GOEA ANALYSIS**

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present a combining schedule that provides details about non-major governmental funds and a schedule containing details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

**SUPPLEMENTARY INFORMATION REQUIRED BY STATE LAW**

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

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

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

The following amounts reflect condensed information on the Council's assets, liabilities, and net position for the fiscal years 2017 and 2016:

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Current and Other Assets:			
Current Assets	\$ 1,062,493	\$ 1,156,592	\$ (94,099)
Long-term Investments	-	311,163	(311,163)
Capital Assets, net of depreciation	417,004	431,940	(14,936)
Total Assets	<u>1,479,497</u>	<u>1,899,695</u>	<u>(420,198)</u>
Current Liabilities	13,833	67,317	(53,484)
Total Liabilities	<u>13,833</u>	<u>67,317</u>	<u>(53,484)</u>
Net Position			
Net Investment in Capital Assets	417,004	431,940	(14,936)
Restricted	-	-	-
Unrestricted	1,048,660	1,400,438	(351,778)
Total Net Position	<u>\$ 1,465,664</u>	<u>\$ 1,832,378</u>	<u>\$ (366,714)</u>

As of June 30, 2017, and 2016, the Council *as a whole* had assets greater than its liabilities of \$1,465,664 and \$1,832,378, respectively. About 71.5% of the Council's total net position is *unrestricted* at year-end whereas it was about 76% last year-end. Unrestricted net position is important because it provides management the resources to adapt to changes in the economy, emergencies, unanticipated service needs and a reduction in or termination of grant revenues by government agencies.

The Council's has no *restricted* net positions at the end of this year and last year. Net position is reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net position that has been invested in capital assets is presented net of any related outstanding debt to acquire them. For the years presented, there is not any debt 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**  
**(Continued)**

**Current assets** include \$481,463 (\$974,546 for 2016) of funds that have been invested in the Louisiana Asset Management Pool (LAMP). LAMP is a pool of local government funds that invests in short-term, high-quality investments for the purpose of providing a means to obtain interest income on idle funds and maintain liquidity. All investment income is available for management's discretionary use. The LAMP account is used as a means to finance the Council's operations during the fiscal year. Property tax collections are deposited into the LAMP account and held there until they are needed to pay the Council's bills. In addition to the LAMP account, current assets include six certificates of deposit (\$448,052), two of which will mature in August 2017, one in January 2018 and the other three in February 2018. Management does not plan to reinvest the proceeds from the two certificates of deposit that mature in August. Instead, that money will be kept liquid to maintain adequate cash flow in the back half of 2017.

**Long-term investments** include investments that have maturity dates in excess of one year from the end of the current fiscal year. However, the Council had no long-term investments as of June 30, 2017. Longer maturity dates are a way to maximize interest income on a portion of the excess operating funds. When the certificates of deposit mature in 2018, management will examine the Council's cash flow needs at that time and decide if reinvesting the proceeds into new certificates of deposit is prudent.

**Current liabilities** consist primarily of accounts payable to vendors of \$5,514 (\$48,125 for 2016), credit card debt of \$1,183 (\$4,106 for 2016) and payroll related liabilities of \$ 2,269 (\$8,629 for 2016) that are due in the normal course of operations. Also included is \$4,867 (\$6,457 for 2016) for compensated absences that represents the Council's aggregate liability for unpaid vacation leave that its employees had earned but not taken as of year-end.

The following table illustrates the revenues and expenses that produced the increase and decrease in net position for FY 2017 and FY 2016, respectively.

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

<u>Revenues</u>	2017	% of Total	2016	% of Total
Program Revenues:				
Operating Grants and Contributions	\$ 346,842	22.22%	\$ 325,261	20.32%
Capital Grants and Contributions	-	0.00%	46,680	2.92%
Charges for Services	7,292	0.47%	5,345	0.33%
General Revenues:				
Property Taxes, net of intergovernmental exp	1,149,383	73.62%	1,158,570	72.38%
Unrestricted Grants and Contributions	55,965	3.58%	58,517	3.66%
Interest Income	9,348	0.60%	6,369	0.40%
Loss on disposition of capital assets	(7,695)	-0.49%	-	0.00%
<b>Total Revenues</b>	<b>\$ 1,561,135</b>	<b>100.00%</b>	<b>\$ 1,600,742</b>	<b>100.00%</b>
 <u>Direct Program Expenses of the Health, Welfare, and Social Services Function:</u>				
Supportive Services:				
Transportation of the elderly	\$ 277,823	14.50%	\$ 283,256	16.49%
Personal Care	154,512	8.06%	146,345	8.52%
Homemaker	122,418	6.39%	81,207	4.73%
Recreation	90,481	4.72%	73,156	4.26%
Other supportive services	51,703	2.70%	38,562	2.25%
Nutrition Services:				
Congregate Meals	98,762	5.15%	97,313	5.67%
Home-delivered Meals	573,771	29.94%	462,157	26.91%
Disease Prevention and Health Promotion	6,973	0.36%	6,768	0.39%
Family Caregiver Support	54,887	2.86%	31,292	1.82%
Senior Citizen Center Operations	54,666	2.85%	58,435	3.40%
Transportation Services-non-elderly	14,930	0.78%	15,537	0.90%
Other Senior Citizen Activities	10,719	0.56%	9,878	0.58%
Direct Administrative Expenses	405,009	21.13%	413,733	24.09%
<b>Total Expenses</b>	<b>\$ 1,916,654</b>	<b>100.00%</b>	<b>\$ 1,717,639</b>	<b>100.00%</b>
<b>Increase (Decrease) in Net Position Before Special Item</b>	<b>(355,519)</b>		<b>(116,897)</b>	
Special Item- Election expense for property tax renewal	(11,195)		-	
<b>Increase (Decrease) in Net Position After Special Item</b>	<b>(366,714)</b>		<b>(116,897)</b>	
Net Position beginning of the year	1,832,378		1,949,275	
<b>Net Position end of the year</b>	<b>\$ 1,465,664</b>		<b>\$ 1,832,378</b>	

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

The table above presents in a more summarized version the revenues and expenses of the Council's governmental activities for FY 2017 and FY 2016 than does the Statement of Activities.

As you can see from the table, approximately 73.6% and 72.4% of the Council's revenues came from a local property tax in FY 2017 and FY 2016, respectively. Without this source of revenue the Council's operations would be impacted significantly.

Another significant source of revenues is operating grants and contributions. These revenues must be used for the purposes for which they were given or granted to the Council. This year program revenues accounted for about 23% of the Council's total revenues which is slightly more than last year.

The Council also received unrestricted public support and grants, which are available for management to use at its discretion. This type of revenue comprised about 4% of the Council's revenues in FY 2017 as well as in FY 2016.

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 allocation was made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year. The expense allocations are a good indication of the demand for each type of service.

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities in both years are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of St. Charles Parish and right now these two services are in the greatest demand. There is also a high demand for in-home type services and services geared to help individuals stay in their homes and remain in the community. These in-home services include homemaker and personal care type services. As these demands increase, management may need to adjust its annual budget to reallocate available resources to meet the demands.

Another area of interest on the Statement of Activities (Exhibit B) relates to the *Total Governmental Activities* column wherein the Council illustrates that all of the primary programs have more expenses than revenues. In other words, the Council's programs are generally not self-supporting. However, on occasion, a program or subprogram might *break even* or even make a slight *profit*. The

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Council's ability to support all programs relies heavily on general revenues, particularly the local property tax. This financial relationship is expected and budgets are prepared accordingly. Historically, general revenues are used to cover the excess of expenses over revenues in these activities. Without the property tax revenue and the unrestricted grants and contributions, the Council would be unable to provide program 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 administration expenses from year-to-year as well as calculating the percentage administration expenses bear in relation to total expenses. For FY 2017, total administration expenses were \$405,009 whereas for FY 2016 total administration expenses were \$413,733. Administrative expenses comprised about 21% of the total expenses for this year compared to 24% last year. Administration expenses include indirect type costs, which are costs that benefit all programs instead of specific programs.

This year the Council had a special item to report. Special items are significant transactions or events that are either unusual in nature or infrequent in occurrence and that are within the control of the Council's management. The special item relates to an *election expense* that the Council was charged by St. Charles Parish for conducting a parish-wide election for the voters to consider the renewal of the Council's property tax which was about to expire.

Typically, the Council would have waited until a state or federal election was held in order to eliminate this expense but management did not want to wait. Therefore, the Council had pay its share of the election costs.

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

#### **Fund Balances**

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances for all fund types of \$1,053,527 (as shown on Exhibits C and D), a decrease of \$353,368 when compared to last year. The unassigned fund balance component of the General

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

Fund was \$1,022,856 and is available for spending at management's discretion. The remainder of the General Fund balance consists of \$30,671 of nonspendable resources. None of the special revenue funds had a fund balance at year-end.

**Revenues**

The combined fund revenues decreased \$36,360 this year versus last year, as shown in the table below.

	% of 2017		% of 2016		Increase/(Decrease)	
	2017	Total	2016	Total	Amount	Percent
Property Taxes	\$ 1,192,531	73.98%	\$ 1,206,163	73.17%	\$ (13,632)	-1.13%
Intergovernmental	340,776	21.14%	370,597	22.48%	(29,821)	-8.05%
Program Service Fees	7,292	0.45%	5,345	0.32%	1,947	100.00%
Public Support	54,981	3.41%	55,051	3.34%	(70)	-0.13%
Interest Income	9,348	0.58%	6,369	0.39%	2,979	46.77%
Miscellaneous	7,048	0.44%	3,761	0.23%	3,287	87.40%
Proceeds from Sale of Vehicles	0	0.00%	1,050	0.06%	(1,050)	100.00%
<b>Total Revenues</b>	<b>\$ 1,611,976</b>	<b>100.00%</b>	<b>\$ 1,648,336</b>	<b>100.00%</b>	<b>\$ (36,360)</b>	<b>-2.21%</b>

**Property tax** revenue decreased this year because of a decrease in the property tax base in St. Charles Parish.

**Intergovernmental revenue** decreased this year primarily due to the Council receiving \$46,680 less FTA funds this year versus last year. FTA grants vary from year to year because the Council does not acquire vans each year using FTA capital acquisition grant funds. However, the Council did receive \$16,404 more NSIP funds from GOEA in FY17 than in FY16.

**Program service fees** were generated from the Council providing home-delivered meals to clients of the Lafourche Council on Aging (LCOA). Accordingly, the Council charged the LCOA a fee to provide this service. The increase in this revenue source this year is because the Council provided more meals to the LCOA than it did last year.

**Public support** revenue was almost the same amount as last year. The overall decrease was only \$80. The Council is fortunate to have maintained a consistent amount of revenue in this category because public support is from voluntary donations, which means there is no guarantee this money will remain at consistent levels from year-to-year.

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

**Interest income** increased this year mainly because the Council earned \$2,208 more in interest from LAMP. The interest rate for LAMP increased from .44% at June 30, 2016 to 1.03% at June 30, 2017.

**Miscellaneous income** is comprised of a variety of revenue items but the most noteworthy one represents a dividend of \$6,219 from the Council's workman's compensation insurer.

**Expenditures**

Total expenditures increased by \$11,905 this year, as shown in the table below.

	2017		2016		Increase (Decrease) Amount	Increase (Decrease) Percent
	Total	% of 2017 Total	Total	% of 2016 Total		
Personnel	\$ 613,705	31.41%	\$ 574,951	29.60%	\$ 38,754	6.74%
Fringe	132,774	6.79%	104,114	5.36%	28,660	27.53%
Travel	9,296	0.48%	9,426	0.49%	(130)	-1.38%
Operating Services	290,804	14.88%	263,004	13.54%	27,800	10.57%
Operating Supplies	77,872	3.98%	81,286	4.19%	(3,414)	-4.20%
Other Costs	35,028	1.79%	38,509	1.98%	(3,481)	-9.04%
Full Service Contracts	351,086	17.97%	277,633	14.29%	73,453	26.46%
Meals	312,863	16.01%	266,712	13.73%	46,151	17.30%
Capital Outlay	87,573	4.48%	279,016	14.37%	(191,443)	-68.61%
Intergovernmental	43,148	2.21%	47,593	2.45%	(4,445)	-9.34%
	<u>\$ 1,954,149</u>	100.00%	<u>\$ 1,942,244</u>	100.00%	<u>\$ 11,905</u>	0.61%

**Personnel** expenditures increased this year primarily because the Council hired three new meal delivery drivers. Two of the drivers were approved to be hired in FY16 but not hired until FY17 and the third driver was approved and hired FY17. Also, because of service demands several employees were given more hours to work, especially in the transportation and nutrition service programs. **Fringe** expenditures increased overall primarily because (1) payroll taxes increased (\$2,416) as a result of wage increases and (2) the Council increased the amount it pays for employee health insurance premiums (\$25,163). **Travel** expenditures decreased slightly, but were well within management's expectations for this category. **Operating service** expenditures increased this year primarily due to an increase in advertising costs (\$10,307), vehicle maintenance expenditures (\$9,433), accounting fees (\$4,650), and vehicle insurance (\$3,188). **Operating supplies** expenditures decreased this year because of a decrease in small dollar equipment costs (\$1,449), facility supplies (\$2,839) and office supplies (\$3,705) which were offset by a significant increase in vehicle fuel expenditures of \$4,582. **Other costs** decreased this year primarily because of decreases in (1) interest and late charges (\$2,499), (2) senior center activities (\$2,091), (3)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

nutritionist fees (\$561), and (4) drug screening fees (\$908), offset by an increase in training expenditures of \$2,705. **Full service contract** expenditures increased this year mainly due to increases in (1) personal care services (\$8,167), (2) homemaker services (\$41,211) and (3) respite care services (\$22,774). All three of these services benefit the senior citizens directly. **Meals** expenditures increased by \$46,151 because the Council served 12,863 more meals this year (96,228 versus 83,365). **Capital outlay** expenditures decreased this year by \$191,443. Typically, capital outlay expenditures vary from year-to-year based on the needs of the Council. Last year the Council made renovations to the building canopies at the Luling senior center location and bought two new vehicles whereas this year the Council finished the renovations to the Luling senior center, bought two new meal delivery vehicles, purchased Senior Stat Solutions (a program used to track service units provided) and had to replace the AC units in the administrative building. The decrease in **intergovernmental** expenditures of \$4,445 was primarily related to a reduction to insurance expense of \$3,222 charged by the Parish on buildings used by the Council. Also, the Parish charged \$343 less in indirect costs to the Council. Lastly, the intergovernmental pension charges to the Council decreased by \$880. This expenditure category is comprised of state and parish costs that are shared pro-rata along with other governmental agencies and are beyond management's control.

### AN ANALYSIS OF THE GENERAL FUND BUDGET

During the fiscal year management made one amendment to its General Fund budget. The main reason for amending the original General Fund budget was to account for any significant changes in revenues, expenditures and transfer accounts.

There were two changes made to the budgeted revenues. First, property tax revenues were amended to reflect the amount on the initial tax roll issued by the assessor's office in November and an FTA grant (\$75,794) was removed because the Council became aware it would not receive any income from this grant until next year when the vehicles were scheduled to be received.

There were several changes made to the expenditure categories. Most of the changes were minor and a byproduct of a change to the indirect cost allocation caused by changes to the budgets of the various special revenue funds. The most significant change had to do with reducing the expected amount of capital outlays by \$246,657. Included in this change was a postponement of renovations to the New Sarpy senior center. On the original budget \$201,500 was budgeted for the renovations. The reason for reducing the capital outlay expenditures was to allow management more time to evaluate the Council's cash flow for the remainder of the year and maintain it at a comfortable level.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

A schedule of the original and amended budgets with comparative results to the actual revenues and expenditures for the General Fund can be found in the *Supplementary Financial Information Required by GASB Statement 34* section of this report.

When comparing the General Fund's amended budget to actual results, the Council had an overall net favorable variance of \$91,839. The more noteworthy reasons behind this net favorable variance can be summed up as follows:

- Total revenues were \$18,846 more than expected primarily because property tax (\$8,187), interest income (\$6,848), and miscellaneous income (\$7,048) were more than budgeted.
- Total expenditures were less than budgeted mainly because some of the anticipated capital outlay expenditures did not occur as anticipated this year.
- Transfers to other programs were budgeted in the aggregate to be \$1,350,525 whereas actual needs only required \$1,319,845 of transfers from the General Fund, resulting in a favorable variance of \$30,680.

Also, note that because almost all of the revenues received into the Council's General Fund are unrestricted in nature, management has a lot of flexibility and discretion in being able to expend or transfer out money from its General Fund.

### AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the Council had \$417,004 in capital assets net of accumulated depreciation, which is a net decrease from last year of \$14,936. The net decrease is comprised of the net book value of assets disposed of (\$7,695) and the cost (\$87,573) of assets that were acquired, less current year depreciation of \$94,814. The capital assets acquired this year consisted of a new home-delivered meals vehicle (\$17,586), an administrative vehicle (\$17,586), three new computers (\$4,593), Senior Stat Solutions equipment and software (\$13,095), the completion of the renovations at the Luling senior center (\$20,513), and four new heat/air conditioning units (\$14,200). There were twelve computers and four heating/air conditioning units disposed of this year. Four of the Council's sixteen vehicles were fully depreciated at year-end and all vehicles were operational. The Council has plans to acquire two more vehicles next year using FTA matching funds.

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

**Capital Assets, Net of Depreciation**

	<u>2017</u>	<u>2016</u>	<b>Increase (Decrease)</b>
Vehicles	\$ 113,576	\$ 145,533	\$ (31,957)
Equipment	16,255	8,611	7,644
Leasehold Improvements	<u>287,173</u>	<u>277,796</u>	<u>9,377</u>
	<u>\$ 417,004</u>	<u>\$ 431,940</u>	<u>\$ (14,936)</u>

The Council has no long-term debt related to its capital assets and does not like to incur any as a matter of financial stewardship.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Council receives the large majority of its annual funding from federal and state agencies and from a local property tax. This source of income for the Council has been rather steady over the years for the Council. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council and appropriations made by the state and federal governments, therefore, revenues could vary from year to year. Presently, there have been no significant adverse changes to the funding levels or terms of the Council's primary grants and contracts for next year.

Management has initially budgeted \$1,770,850 in revenues and \$1,786,785 in expenditures for the Council's programs in FY 2018 producing an excess of expenditures over revenues of \$15,935. The main reason for the budgeted deficit next year is the Council expects to expense the deposits paid to acquire two new FTA vehicles (\$16,475). The Council has sufficient unassigned fund balance to absorb the budgeted deficit.

The GOEA has approved the Council's original budget for fiscal year 2018. There are no plans to add or terminate any programs in FY 2018. There are plans to amend the original FY 2018 budget at this time.

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

**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 receives. If you have any questions about this report or wish to ask for more information, you should contact April Keller, Executive Director, at 626 Pine Street, Suite A, Hahnville, Louisiana, 70057 or by phone at (985) 783-6683.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**  
**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**  
**June 30, 2017**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and short-term investments	\$ 1,017,028
Accounts receivable - Lafourche COA	430
Property tax receivable	12,266
Receivable from GOEA	960
Receivable from Occupational Medical Services	1,138
Prepaid expenditures	14,196
Deposits towards the purchase of two vehicles	16,475
Total current assets	<u>1,062,493</u>
Capital assets, net of accumulated depreciation	417,004
Total Assets	<u><u>1,479,497</u></u>
 <b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts payable	5,514
Accrued and withheld payroll taxes and other payroll withholdings	2,269
Credit Cards	1,183
Accrued compensated absences	4,867
Total current liabilities	<u>13,833</u>
 <b><u>NET POSITION</u></b>	
Net investment in capital assets	417,004
Unrestricted	1,048,660
Total Net Position	<u><u>\$ 1,465,664</u></u>

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

**Statement of Activities**  
**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**  
**For the year ended June 30, 2017**

Functions/Programs	Program Revenues					Net (Expense) Revenue and Increase (Decrease) in Net Position
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental Activities</b>						
<b>Health, Welfare &amp; Social Services:</b>						
Supportive Services:						
Transportation of the Elderly	\$ 277,823	\$ 133,143	\$ 0	\$ 34,057	\$ 0	\$ (376,909)
Homemaker	122,418	0	0	7,984	0	(114,434)
Information and Assistance	47,015	25,062	0	3,066	0	(69,011)
Legal Assistance	3,089	0	0	1,912	0	(1,177)
Medical Alert	1,003	0	0	65	0	(938)
Personal Care	154,512	0	0	10,077	0	(144,435)
Outreach	596	317	0	39	0	(874)
Recreation	90,481	48,228	0	0	0	(138,709)
Nutrition Services:						
Congregate Meals	98,762	25,058	0	74,230	0	(49,590)
Home Delivered Meals	573,771	148,125	7,292	108,629	0	(605,975)
Disease Prevention and Health Promotion	6,973	0	0	3,349	0	(3,624)
Family Caregiver Support	54,887	0	0	16,741	0	(38,146)
Senior Citizen Center Operations	54,666	0	0	49,802	0	(4,864)
Transportation Services - Non Elderly	14,930	7,156	0	18,000	0	(4,086)
Other Senior Citizen Activities	10,719	889	0	1,860	0	(9,748)
<b>Administration</b>	<b>405,009</b>	<b>(387,978)</b>	<b>0</b>	<b>17,031</b>	<b>0</b>	<b>0</b>
<b>Total governmental activities</b>	<b>\$ 1,916,654</b>	<b>\$ 0</b>	<b>\$ 7,292</b>	<b>\$ 346,842</b>	<b>\$ 0</b>	<b>(1,562,520)</b>
<b>General Revenues:</b>						
Property taxes, net of intergovernmental expenses withheld (\$43,148)				1,149,383		
Grants and contributions not restricted to specific programs				55,965		
Unrestricted interest income				9,348		
Loss on disposition of capital assets				(7,695)		
<b>Total General Revenues</b>						<b>1,207,001</b>
Special Item: Election Expense for Property Tax Renewal						<b>(11,195)</b>
<b>Total General Revenues and Special Item</b>						<b>1,195,806</b>
Increase (Decrease) in net position						<b>(366,714)</b>
Net Position - Beginning of the Year						<b>1,832,378</b>
Net Position - End of the Year						<b>\$ 1,465,664</b>

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

## FUND FINANCIAL STATEMENTS

**Fund Balance Sheet  
Governmental Funds**

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
June 30, 2017**

	<b>General Fund</b>	<b>Title III B Fund</b>	<b>Title III C-1 Fund</b>	<b>Title III C-2 Fund</b>	<b>Senior Center Fund</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>							
Cash and investments	\$ 1,011,988	\$ 3,590	\$ 114	\$ 76	\$ 1,256	\$ 4	\$ 1,017,028
Accounts receivable - Lafourche COA	0			430	0		430
Property tax receivable	12,266	0	0	0	0	0	12,266
Receivable from GOEA	960	0	0	0	0	0	960
Receivable from Occupational Medical Services	0	0	0	1,138	0	0	1,138
Prepaid expenditures	14,196	0	0	0	0	0	14,196
Deposits towards the purchase of two vehicles	16,475	0	0	0	0	0	16,475
<b>Total Assets</b>	<b>\$ 1,055,885</b>	<b>\$ 3,590</b>	<b>\$ 114</b>	<b>\$ 1,644</b>	<b>\$ 1,256</b>	<b>\$ 4</b>	<b>\$ 1,062,493</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 172	\$ 3,007	\$ 8	\$ 1,160	\$ 1,167	\$ 0	\$ 5,514
Accrued and withheld payroll taxes & other payroll withholdings	1,411	430	82	342	0	4	2,269
Credit cards	775	153	24	142	89	0	1,183
<b>Total Liabilities</b>	<b>\$ 2,358</b>	<b>\$ 3,590</b>	<b>\$ 114</b>	<b>\$ 1,644</b>	<b>\$ 1,256</b>	<b>\$ 4</b>	<b>\$ 8,966</b>
<b>Fund Balances</b>							
Nonspendable:							
Prepaid expenditures	\$ 14,196	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,196
Deposits towards the purchase of two vehicles	16,475	0	0	0	0	0	16,475
Unassigned	1,022,856	0	0	0	0	0	1,022,856
<b>Total Fund Balances</b>	<b>\$ 1,053,527</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,053,527</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,055,885</b>	<b>\$ 3,590</b>	<b>\$ 114</b>	<b>\$ 1,644</b>	<b>\$ 1,256</b>	<b>\$ 4</b>	
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>							
- Compensated absences are not paid for out of current financial resources and therefore are not reported as liabilities in the governmental funds							(4,867)
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds							417,004
<b>Net Position of Governmental Activities</b>							<b>\$ 1,465,664</b>

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**  
**For the year ended June 30, 2017**

	<u>General Fund</u>	<u>Title III B Fund</u>	<u>Title III C-1 Fund</u>	<u>Title III C-2 Fund</u>	<u>Senior Center Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>							
Property Taxes	\$ 1,192,531	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,192,531
Intergovernmental:							
Governor's Office of Elderly Affairs	67,303	56,687	66,309	80,607	49,802	20,068	340,776
Program Service Fees	0	0	0	7,292	0	0	7,292
Public Support (Restricted):							
Client Contributions	0	513	7,921	28,022	0	22	36,478
United Way - local transportation	18,000	0	0	0	0	0	18,000
Public Support (Unrestricted)	503	0	0	0	0	0	503
Interest Income	9,348	0	0	0	0	0	9,348
Miscellaneous	7,048	0	0	0	0	0	7,048
<b>Total revenues</b>	<b>1,294,733</b>	<b>57,200</b>	<b>74,230</b>	<b>115,921</b>	<b>49,802</b>	<b>20,090</b>	<b>1,611,976</b>
<b><u>EXPENDITURES</u></b>							
<b>Health, Welfare, &amp; Social Services:</b>							
Current							
Personnel	109,041	228,875	48,862	226,373	0	554	613,705
Fringe	20,342	50,190	8,698	53,341	0	203	132,774
Travel	398	6,891	506	1,452	0	49	9,296
Operating Services	30,242	116,769	9,273	110,040	24,465	15	290,804
Operating Supplies	5,176	38,647	1,161	20,677	12,211	0	77,872
Other Costs	12,116	10,086	2,861	9,965	0	0	35,028
Full Service Contracts	9,025	281,022	0	0	0	61,039	351,086
Meals	0	0	51,195	261,668	0	0	312,863
Capital Outlay	87,573	0	0	0	0	0	87,573
Intergovernmental	43,148	0	0	0	0	0	43,148
<b>Total expenditures</b>	<b>317,061</b>	<b>732,480</b>	<b>122,556</b>	<b>683,516</b>	<b>36,676</b>	<b>61,860</b>	<b>1,954,149</b>
Excess of revenues over (under) expenditures	<b>977,672</b>	<b>(675,280)</b>	<b>(48,326)</b>	<b>(567,595)</b>	<b>13,126</b>	<b>(41,770)</b>	<b>(342,173)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>							
Operating transfers in	0	675,280	48,326	567,595	0	41,770	1,332,971
Operating transfers out	(1,319,845)	0	0	0	(13,126)	0	(1,332,971)
<b>Total other financing sources (uses)</b>	<b>(1,319,845)</b>	<b>675,280</b>	<b>48,326</b>	<b>567,595</b>	<b>(13,126)</b>	<b>41,770</b>	<b>0</b>
<b><u>SPECIAL ITEM</u></b>							
Election expenditures - property tax renewal	(11,195)	0	0	0	0	0	(11,195)
<b>Total special item</b>	<b>(11,195)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(11,195)</b>
Net increase (decrease) in fund balances	(353,368)	0	0	0	0	0	(353,368)
<b><u>FUND BALANCE (DEFICIT)</u></b>							
Beginning of year	1,406,895	0	0	0	0	0	1,406,895
End of year	\$ 1,053,527	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,053,527

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

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

**St. Charles Council on Aging, Inc.**

**Hahnville, Louisiana**

**For the year ended June 30, 2017**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$ (353,368)
<p>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 Depreciation (\$94,814) exceeded Capital Outlay (\$87,573) this year.</p>	
	(7,241)
<p>When capital assets are sold, written-off, or disposed of, there could be a gain or loss on the disposition, which is included within the Statement of Activities. However, governmental funds do not present gains or losses on the disposition of capital assets because they do not represent inflows or outflows of financial resources. This reconciling item represents the net loss of \$7,695 book value remaining at the time of disposal.</p>	
	(7,695)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
Decrease in compensated absences payable	<u>1,590</u>
Increase (Decrease) of Net Position of Governmental Activities	<u><u>\$ (366,714)</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**  
**June 30, 2017**

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

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

**a. Purpose of the Council on Aging:**

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

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

**a. Purpose of the Council on Aging: - (continued)**

The primary services provided by the Council to the elderly residents of St. Charles Parish include transportation, homemakers, information & assistance, legal assistance, medical alert, personal care, outreach, recreation, utility assistance, congregate and home-delivered meals, disease prevention and health promotion, family caregiver support, and operating senior citizen centers. The Council also provides limited transportation services to dialysis patients regardless of age.

**b. Reporting Entity:**

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

Before the council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to 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.

St. Charles Council on Aging, Inc. (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on January 31, 1974 and subsequently incorporated on January 12, 1976, under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

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

**b. Reporting Entity: - (continued)**

A board of directors, consisting of 13 voluntary members, who serve three-year terms, governs the Council. Each board member can serve no more than two consecutive terms. 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. The Council makes efforts to maintain a board of directors whose composition will be representative of the population of St. Charles Parish. Board members are elected by the general membership of the Council. Membership in the Council is open at all times, without restriction, to all residents of St. Charles 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.

Although the St. Charles Council on Aging, Inc. (the Council) works with the St. Charles Parish Council (the Parish) in carrying out some social programs throughout St. Charles Parish, the Parish does not appoint a voting majority of the Council's board and the Parish does not intend to impose its will to affect the operations of the Council. The Parish does not provide directly any of the Council's total revenues; only various in-kind contributions. In addition, the Parish does not assume any specific financial burdens of the Council. As a result, the St. Charles Council on Aging, Inc. is not a component unit of the St. Charles Parish Council.

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

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

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

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

Both the government-wide and fund financial statements categorize primary activities as either *governmental* or *business* type. The Council's functions and programs have all been categorized as *governmental* activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

**Government-Wide Statements**

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

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

The Statement of Net Position has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net position is reported in three parts - invested in capital 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 of the Council's functions and significant programs. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants and restricted contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect costs among various functions and programs in accordance with 2 CFR Part 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (aka the "Supercircular"). The Statement of Activities shows this allocation in a separate column labeled *indirect expenses*. GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the administrative grant funds are allocated to the Council's other functions and programs.

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

**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)**

**Fund Financial Statements:**

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

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

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. For this year, management elected not to include any nonmajor funds as a major fund. The other nonmajor funds are summarized (aggregated) by category or fund type into a single column in the fund financial statements.

**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)**

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

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

**General Fund**

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

**Local Programs and Funding**

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

**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)**

**Local Transportation Program Services - Non-elderly**

The Council provides transportation services to persons, primarily dialysis patients, who are not 60 years old. United Way funds and unrestricted public support are used to pay for these services. During the year 1,119 units of service were provided under this program. The transportation services provided in this program differ from those provided in the Title III B program in that recipients of these services do not have to be at least 60 years old, which is required of Title III B participants.

**PCOA Funding**

Parish Council on Aging (PCOA) funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these funds at its discretion in any program provided the program is benefitting people who are at least 60 years old. In FY 2017, the Council received this grant money into its General Fund and management transferred \$37,500 to the Title III B Fund to subsidize that fund's operating expenditures.

**Area Agency Administration (AAA) Funding**

Each fiscal year GOEA provides the Council with funds to subsidize the costs of administering the Council's special programs for the aging. This year GOEA granted the Council \$17,031 of AAA funding, which has been received and accounted for in the Council's General Fund along with an equal amount of administrative expenditures. The amount of funding is not enough to pay for all the indirect administrative (indirect) type costs. As a result, the Council will consume the GOEA grant funds first when paying for administrative costs and then allocate the excess administrative costs to other programs using a formula based on the percentage each program's direct costs bears to direct costs for all

**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)**

programs. In addition, due to program restrictions, administrative costs are not allocated to certain funds and programs.

**Supplemental Senior Center Funding**

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. This year the Council received \$10,912 of supplemental senior center funding from GOEA. Management can use its discretion as to how to spend this money, as long as the program benefits anyone at least 60 years old. This year management received this money into the Council's General Fund and then transferred it out to the Title III C1 Fund to subsidize the operating costs of that fund's program services.

**FTA Funding for Vehicle Acquisition**

The Council acquires vehicles purchased in part with federal funds under the Federal Transit Administration's (FTA) elderly and disabled persons transportation capital assistance program. The Louisiana Department of Transportation and Development (DOTD) coordinates the receipt and disbursement of the FTA funds and the required matching funds from the Council. This year the Council did not acquire any vans using FTA grant funds.

**Medicare Improvement for Patients and Providers Act (MIPPA) Program**

The Council has a MIPPA program that provides educational and enrollment assistance to Medicare eligible people in the community. During the year, the Council hosted 6 outreach/public education & enrollment assistance events. Information about the disease prevention and wellness components of Medicare, LIS and MSP programs was provided to the public by the Council at these events to earn the revenue from this GOEA grant. In addition, the Council provided 3 units of LIS or MSP enrollment assistance, including follow-up.

**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)**

**Recreation**

Recreation is a program whereby the Council provides services to individuals through group activities with the purpose of promoting social interaction and wellbeing. Activities include arts and crafts, bingo and other games, and physical activities. This program activity is funded using General Fund revenues.

**Wellness**

Wellness is a program that provides access to the Fitness Club of Boutte for an average of 150 seniors per month. The goal of the Council's wellness program is to promote health and wellbeing by offering the seniors access to a quality health and fitness program designed to improve the overall health of the seniors. This program is also funded using General Fund revenues.

**Special Revenue Funds**

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

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

**Major Special Revenue Funds:**

**Title III-B Fund**

The Title III B Fund is used to account for funds, which are used to provide various types of supportive social services to the elderly. The main source of the revenue forming the basis for this fund is a grant (\$56,687) the Council received from GOEA for *Special Programs for the Aging \_ Title III, Part B\_ Grants for Supportive Services and Senior Centers*.

GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units the Council reported to GOEA that it provided during the fiscal year, are as follows:

<u>Type of Service Provided</u>	<u>Units</u>
Information and Assistance	1,476
Outreach	18
Transportation for people age 60 or older	20,524
Material Aid	2,077
Medical Alert	46
Personal Care	9,366.50
Homemaker	7,607.25
Legal Assistance	39.60
Assisted Transportation	299

**Title III C-1 Fund**

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout St. Charles Parish. The Council maintains meal sites in

**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)**

**Title III-C-1 Fund - (continued)**

Luling, New Sarpy, and Norco. During the year, the Council reported to GOEA that it provided 15,841 meals and 9 units of nutrition education to eligible participants.

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 C-1 \_ Nutrition Services* grant funds (\$39,418); Nutrition Services Incentive Program (NSIP) grant funds (\$16,891); and contributions from those persons who received congregate meals (\$7,921).

Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.

**Title III C-2 Fund**

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals and nutrition education to homebound people who are age 60 or older. 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 C-2 \_ Nutrition Services* grant funds (\$53,717); Nutrition Services Incentive Program (NSIP) grant funds (\$26,890); and contributions from those persons who received the home-delivered meals (\$28,022). The Council reported to GOEA that it provided 80,387 home-delivered meals and 18 units of nutrition education during the year to eligible participants.

Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

**Senior Center Fund**

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn *passes through* the funds to the Council. The purpose of this program is to provide community service centers at which elderly people can receive congregate social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior centers for St. Charles Parish are located in Luling, New Sarpy, and Norco. Any grant funds not used to pay for the operating costs of the senior centers are transferred to the Title III C-1 Fund to help pay for the cost of providing congregate meals at the senior centers. This year \$13,126 were not used and transferred to the Title III C-1 Fund.

**Non-Major Special Revenue Funds:**

**Title III D Fund**

The Title III D Fund is used to account for wellness services, which include disease prevention and health promotion activities that are paid for using GOEA funds. During the year, 778 units of wellness services. The main source of the revenue forming the basis for this fund is a grant (\$3,349) the Council received from GOEA for *Title III, Part D\_ Disease Prevention and Health Promotion Services*.

**Title III E Fund**

The Title III E Fund is used to account for funds that are used to provide support services for family caregivers and for grandparents or older individuals who are relative caregivers. During the year, the Council reported to GOEA it had provided 3,281.75 units of in-home respite and 74 units of information and assistance to eligible participants. The main source of the revenue forming the basis for this fund is a grant (\$16,719) the Council received from GOEA for the *Title III, Part E \_ National Family Caregivers Support Program*.

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

**d. Measurement Focus and Basis of Accounting:**

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

• **Government-Wide Financial Statements - Accrual Basis:**

The Statement of Net Position and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

• **Fund Financial Statements - Modified Accrual Basis:**

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. *Measurable* means the amount of the transaction can be determined and *available* means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be *available* if they are collected within sixty days of the current fiscal year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and changes in accrued compensated absences are costs that are not recognized in the governmental funds.

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

**e. Interfund Activity:**

In the fund financial statements, interfund activity is reported as either 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.

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

For the purposes of the Statement of Net Position, restricted cash 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. The Council presents restricted cash as a component of current assets in the Statement of Net Position because it is available for use in current operations. At year-end the Council did not have any restricted cash amounts.

**f. Investments:**

Investments in certificates of deposit are reported at cost because they are *nonparticipating* interest-earning investment contracts as discussed in GASB 31. The term *nonparticipating* means that the investment value does not vary with market interest rate changes. Investments which include securities traded on a national or international exchange are valued based on their last reported sales price (fair value). Investments that do not have an established market are reported at estimated fair value.

The Council also invests funds in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to

**Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)****f. Investments: - (continued)**

aggregate funds for investment. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. However, LAMP, Inc. is subject to regulatory oversight by the state treasurer and its board of directors. For financial statement purposes, LAMP investments are valued and reported at fair value based on quoted market rates.

The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there are no assurances that LAMP will be able to always achieve this objective. Because of its liquidity, the balance in the LAMP account is classified as a current asset on the Statement of Net Position.

**g. Receivables:**

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

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

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

**h. Prepaid Expenses/Expenditures:**

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

In the fund financial statements, management has elected not to include amounts paid for future services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as assets 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 not currently available for expenditure.

**i. Capital Assets:**

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

**Government-Wide Financial Statements**

Capital assets are long-lived assets purchased or acquired with an original cost of at least \$1,000 and have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide statement of Net Position. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

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

**i. Capital Assets: - (continued)**

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation.

Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Computer Equipment	5 years
Leasehold Improvements	20 years
Nutrition Equipment	10 years
Vehicles	5 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.

**Fund Financial Statements**

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

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

**j. Unpaid Compensated Absences:**

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

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

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

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

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

**k. Advances from Funding Agency:**

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. At year-end, the Council had no advances from GOEA.

**l. 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.

Deferred property tax revenues arise when property taxes are expected to be received but not within 60 days after the end of the Council's fiscal year in which the taxes are levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Position, because the related revenues are recognized in the Statement of Activities using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized. The Council did not present any amount this year as deferred property tax revenue because management believes the portion of the property tax receivable that is collected by the sheriff's office after August 31, 2017 (approximately \$1,000) would be immaterial to these financial statements.

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

**m. Deferred Outflows and Inflows of Resources**

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

**n. Net Position in the Government-wide Financial Statements:**

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

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

- *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding debt attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the position of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion of the debt is included in the same component of net position as the unspent proceeds. At year-end, the Council did not have any borrowings that were related to capital assets.
- *Restricted net position* – This component reports the amount of net position with externally imposed constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – This component is the balance (deficit) of all other elements in the statement of net position remaining after net investment in capital assets and restricted net position.

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

**o. Fund Equity - Fund Financial Statements:**

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

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

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

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

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

**p. Management's Use of Estimates:**

The preparation of financial statements in conformity with United States 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.

**q. Allocation of Indirect Expenses:**

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

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

Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

**r. Elimination and Reclassifications:**

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

**s. Special Items:**

Special items are significant transactions or events that are either unusual in nature or infrequent in occurrence and that are within the control of the Council's management. Within in the control of management does not necessarily mean that management did control the transaction. It simply means that management could control it. A special item has been reported separately in both the government-wide statement of activities and the governmental fund statements of revenues, expenditures, and changes in fund balances. The *special item* consisted of \$11,195 of election expenses related to its property tax renewal.

**Note 2 - Revenue Recognition**

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

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees (charges for services), and interest income must be both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are

**Note 3 - Revenue Recognition - Property Tax**

often difficult to measure; therefore, they are recorded as revenue in the period received.

The Council receives funds from a property tax that was renewed by the voters of St. Charles Parish on February 9, 2008 for the purpose of operating and maintaining programs for the elderly citizens in the Parish. The St. Charles Parish Assessor began assessing the property tax in 2008 and will continue to do so through 2017 (ten years). The tax is based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1<sup>st</sup> day of January is used as the date to value the property subject to tax and make the annual assessment.

The property tax renewed in February 2008 was renewed again by the voters of St. Charles Parish on December 10, 2016 for another ten years (through 2027).

The gross assessed value as of January 1, 2016, of the certified property tax roll was \$1,332,607,625. After applying homestead exemptions of \$98,916,828, the net assessed value upon which the Council's property tax was computed was \$1,233,690,797. The maximum amount the Council may legally elect to assess property owners each year is .98 mills, however, for this fiscal year only .96 mills was assessed. Accordingly, management initially estimated the gross amount of property tax payable to the Council for this fiscal year to be \$1,184,344. After the estimate was made, the Council was notified by the Sheriff's office of adjustments for supplements, reductions, and additional adjudicated/exempt taxes. As a result of the adjustments, the Council's gross property tax revenue relating to the current year's property tax was changed to \$1,184,429. In addition, the Council collected \$8,103 of prior year property taxes previously written off. As a result, the adjusted property tax revenue presented in this year's financial statements is \$1,192,531.

Property taxes are levied on November 15 and are considered delinquent if not paid by December 31 (the lien date). Most of the property taxes are collected during the months of December, January, and February. The St. Charles Parish Sheriff acts as the collection agent for the Parish's property taxes. The tax sale date for St. Charles Parish for the 2016 tax assessment was June 7, 2017 and the tax liens were recorded on June 27, 2017.

For the fund financial statements, property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed (November each year). As the taxes

**Note 3 - Revenue Recognition - Property Tax - (Continued)**

are collected and remitted to the Council, they are recorded as revenues in accordance with the modified accrual basis of accounting. The Council also accrues as current year revenues any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. The Council did not present any amounts this year as deferred property tax revenue because management estimates this amount only to be about \$1,100, which is immaterial to these financial statements.

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

Property tax revenues on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) have been presented at their gross amount less any allowance for uncollectible amounts. In contrast, on the government-wide Statement of Activities (Exhibit B), property tax revenues of have been presented net of any uncollectible amounts and intergovernmental expenses withheld by the Sheriff or the Parish before remitting the tax revenue to the Council. For FY 2017 the intergovernmental expenses totaled \$43,148 and consisted of (1) *on-behalf payments for fringe benefits* (\$39,113 - also see Note 12), and (2) insurance premiums (\$4,035) on buildings used by the Council but owned by the Parish. In contrast, for purposes of Exhibit D, intergovernmental expenditures of \$43,148 have been presented as a separate line item within the expenditures section of that statement rather than being netted against the gross property tax revenue.

**Note 4 - Cash and Investments**

The Council's operating account is a consolidated bank account, which is available for use by all funds. The purpose of the consolidated account is to reduce administration costs and facilitate cash management by allowing those funds with available cash resources to temporarily cover any negative cash balances in other funds.

**Note 4 - Cash and Investments - (Continued)**

At year-end, all of the Council's bank balances (checking account plus certificates of deposits) were secured 100% by FDIC insurance. Currently, only the first \$250,000 of deposits at each bank are covered by FDIC insurance. The Council follows state law wherein all of its bank deposits are required to be covered with FDIC insurance or properly collateralized.

The Council also maintains a petty cash account of \$200 to pay for small, unexpected expenses that might arise during daily operations.

During the year, the Council might accumulate cash in excess of its immediate needs. To maximize its interest income, the Council's management will invest the excess cash. The Council's management has adopted an investment policy that is intended to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds. Accordingly, at year-end, the Council's management has invested \$448,052 in certificates of deposit and \$481,463 in the Louisiana Asset Management Pool (LAMP). Both types of investments comply with state law and the Council's investment policy.

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

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

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

- Credit risk: LAMP is rated AAAM by Standard & Poor's.

Note 4 - Cash and Investments - (continued)

- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM (to reset) for LAMP's total investments is 39 days and the WAM (to final) is 86 days as of June 30, 2017.
- Foreign currency risk: Not applicable to 2a7-like pools.

**Note 4 - Cash and Investments - (continued)**

At June 30, 2017, the Council's cash and investments consisted of the following:

<u>Cash &amp; Investments</u>	<u>Cost (*)</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:				
Checking account - operating	\$ 87,305	None	Demand	Category 1
Petty Cash & Cash on Hand	207	None	N/A	None
Total Cash	87,512			
Investments:				
Certificates of Deposit:				
First American Bank	75,000	0.50%	1/29/2018	Category 1
First American Bank	53,859	1.00%	8/26/2017	Category 1
First American Bank	80,788	1.00%	8/26/2017	Category 1
First National Bank *U*S*A	104,121	0.75%	2/17/2018	Category 1
First National Bank *U*S*A	67,142	1.10%	2/13/2018	Category 1
First National Bank *U*S*A	67,142	1.10%	2/13/2018	Category 1
LAMP	481,464	1.03%	Demand	Not Required
Total Investments	929,516			
Total Cash & Investments	\$ 1,017,028			
Unrestricted Purpose	\$ 1,017,028			
Restricted Purpose	-			
Total Cash & Investments	\$ 1,017,028			

Cost approximates fair value in the above table.

The certificates of deposit represent nonparticipating interest-earning contracts as described in GASB Statement 31; accordingly, they have been reported at cost in these financial statements. None of the maturity dates of the certificates of deposit are after June 30, 2018 therefore they are presented as short-term investments on the Statement of Net Position.

**Note 5 - Government Grants and Contracts Receivable**

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year-end. At June 30, 2017, all amounts under government grants and contracts had been remitted to the Council except for \$960 due to the Council from GOEA relating to its MIPPA contract.

**Note 6 - Prepaid Expenditures and Expenses**

At year-end, prepaid expenditures and prepaid expenses consisted of the following:

<u>Nature of Prepaid</u>	<u>Amounts</u>
Insurance Premiums	\$ 10,508
Training Classes	3,688
Totals	<u>\$ 14,196</u>

**Note 7 - Changes in Capital Assets**

A summary of changes in capital assets is as follows:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2017</u>
Vehicles	\$ 438,969	\$ 35,172	\$ 0	\$ 474,141
Equipment	58,659	17,688	(24,804)	51,543
Leasehold improvements	318,090	34,713	(14,124)	338,679
	<u>815,718</u>	<u>87,573</u>	<u>(38,928)</u>	<u>864,363</u>
Less: Accumulated Depreciation	<u>(383,778)</u>	<u>(94,814)</u>	<u>31,233</u>	<u>(447,359)</u>
Total	<u>\$ 431,940</u>	<u>\$ (7,241)</u>	<u>\$ (7,695)</u>	<u>\$ 417,004</u>

All of the Council's fixed assets are subject to depreciation.

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

**Note 7 - Changes in Capital Assets - (Continued)**

Depreciation was charged to governmental activities as follows:

Supportive Services:		
Transportation for the elderly	\$	28,026
Nutrition Services:		
Congregate meals		556
Home-delivered meals		34,201
Senior citizen center operations		17,989
Transportation of the nonelderly		1,506
Administration		12,536
		<hr/>
Total Depreciation Expense	\$	<u>94,814</u>

The depreciation expense associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The other depreciation amounts are charged as direct expenses to their related functions on the Statement of Activities.

**Note 8 - Accrued Compensated Absences**

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

	Balance <u>6/30/2016</u>	Net Increase (Decrease) <u></u>	Balance <u>6/30/2017</u>
Accumulated Unpaid Leave	\$ 6,457	\$ (1,590)	\$ 4,867

**Note 9 - In-Kind Contributions**

The Council received various in-kind contributions during the year. The senior center meal site locations in Luling and New Sarpy were provided without rental charge. However, the Council is responsible for paying the utility bill at these locations. If the Council had to pay rent for these locations, management estimates that each location would have cost about \$6,000 annually.

During the year the St. Charles Parish Sheriff and TRIAD distributed 1,267 informational flyers to the elderly as a crime prevention service provided by the Council. Management has estimated the value of this service to be \$1,305.

The Council is a distribution site for *Food for Seniors* where commodities (food boxes) are passed out to the elderly. The commodities are not actually donated to the Council as an in-kind contribution. The Council coordinates the distribution and provides the manpower to help another local non-profit entity distribute the food boxes. During the year the Council distributed 2,098 food boxes. Each food box contained about \$50 of food (\$104,900).

Occasionally, the Council transports people that require assistance to make the trip. In such cases, the Council provides the transportation but cannot provide a person to assist the client being transported. The person who assists the client being transported is counted as in-kind support. Management estimates that if it had to pay these helpers, the cost would have been \$12,319 (299 units at \$41.20/unit).

No amounts have been recorded in these financial statements because accounting principles for governmental entities do not require the valuation and recording of in-kind contributions.

**Note 10 - Fund Balances - Fund Financial Statements**

At year-end the Council had no balances remaining in special revenue funds. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. The composition of the fund balance components of the General Fund are presented separately on Exhibit C.

**Note 11 - Restricted Net Position - Government-wide Statements**

At year-end, the Council did not have any restricted net position amounts on the Statement of Net Position (Exhibit A).

**Note 12 - On-Behalf Payments for Fringe Benefits (public retirement systems)**

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law (RS 11:82) requires the Council to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Council's pro-rata share of the required contribution was \$39,113 that was withheld by the St. Charles Parish Sheriff from property tax collections to satisfy the Council's obligation. The Sheriff withholds the entire amount of this obligation in December each year even though some of the property taxes may never be collected. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

The following list presents the retirement systems that were funded by \$39,113 of the Council's property tax revenues this year:

Assessor's retirement fund	\$ 3,821
Clerks' of Court Retirement & Relief Fund	3,538
District Attorney's Retirement System	2,571
Municipal Employee's Retirement System	3,537
Parochial Employees' Retirement System	3,537
Registrar of Voters Employees' Retirement	884
Sheriff's Pension & Relief Fund	7,075
Teachers' Retirement System	14,150
	<u>\$ 39,113</u>

**Note 13 - 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 14 - Income Tax Status**

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

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

**Note 15 - Lease and Rental Commitments**

**Lease #1**

The Council leases two facilities from the St. Charles Parish School Board (the Lessor) that consist of administrative offices and a staging area for home-delivered meals located at 626 Pine Street, Hahnville, Louisiana and a congregate meal site in Norco, Louisiana. The terms of this lease require monthly payments of \$1,102 per month until the lease is amended or terminated. The Council is responsible for cleaning the facilities and making all repairs to them except for repairs to the roof and building shell. The Lessor is responsible for the utility bills and the insurance covering the facilities. The lease is a continuous lease, which may be terminated upon a sixty-day notice by either party. For the fiscal year, rent expenditures were \$13,224 for this lease.

**Lease #2**

The Council signed a 60-month lease agreement with Xerox on February 20, 2017 that requires the Council to pay \$348.31 per month plus additional monthly fees for each print

**Note 15 - Lease and Rental Commitments - (Continued)**

starting March 1, 2017. Prior to the current lease, the Council was leasing its copy machine under a lease that began in January 2014. That lease was terminated upon the execution of the 2017 lease. The prior lease required the Council to pay \$234.92 per month plus additional fees per print. The total amount paid by the Council for both leases this year was \$3,273. In addition, the Council had to pay \$770 for usage charges and a property tax relating to this copy machine.

The copy machine lease costs are allocated to the various programs as an indirect expense. The minimum future lease payments under the lease as of June 30, 2017 for each year until the lease expires, and in the aggregate, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	4,180
2019	4,180
2020	4,180
2021	4,180
2022	2,786
Total future minimum lease payments	<u>\$ 19,506</u>

**Lease #3**

The Council rented radios for its vans on a month-to-month basis during most of FY17. This final payment on this lease was in May of 2017 and the lease was not renewed. The rent expense for the year was \$2,520.

The rent expenditures for the above lease and rental commitments were included in the fund financial statements in the Operating Services category on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D).

**Note 16 - 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. 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 adverse impact upon the Council's financial statements.

**Note 17 - 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, funds received during the year and the collectability of any related receivable at year-end may be impaired. In management's opinion, there are not any contingent liabilities relating to noncompliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

**Note 18 - 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 provisions to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes. The Council offers health insurance to all employees who work at least thirty (30) hours per week. The Council pays the total amount of the insurance less \$50 per month for each employee who elected to participate in the health insurance benefit.

**Note 19 - Deferred Compensation Plan**

The Council and its qualified employees participate in the Louisiana Deferred Compensation Plan (the Plan), which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Great West Life and Annuity Insurance Company administers the plan. The Plan is available to all Council employees. Participation is not mandatory. The plan permits participating employees to defer up to the lesser of (1) 100% of their taxable compensation or (2) \$18,000 (\$24,000 if over 50 years of age) per year. In addition, the Council will *match* 25% of the amount the participant defers. All amounts contributed to the plan by the employees and the Council are non-forfeitable thereby making them 100% vested by the employees. During the year, \$17,289 was contributed to the Plan via employee salary deferrals. The Council contributed \$4,322 as its matching share. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. The Council does not guarantee the benefits of any amounts contributed to the Great West Life and Annuity Insurance Company.

**Note 20 - Economic Dependency**

The Council receives the majority of its revenue from grants administered through the Governor's Office of Elderly Affairs (GOEA) and property taxes from St. Charles Parish. The grant amounts are appropriated each year by the federal and state governments. The St. Charles Parish Assessor assesses the property taxes each year. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Also, if the property in St. Charles Parish were to be assessed at lower values due to natural disaster or another unpredictable event, the amount the Council receives annually from the property tax could be affected adversely. Management is not aware of any actions or events that will adversely affect the amount of funds the Council will receive next year relating to amounts it usually receives from GOEA or the property tax.

**Note 21 - Interfund Transfers**

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

	<b>Operating Transfers</b>	
	<b>In From</b>	<b>Out To</b>
<b>General Fund:</b>		
Title III B Fund	\$ 0	\$ 675,280
Title III C-1 Fund	0	35,200
Title III C-2 Fund	0	567,595
<b>Nonmajor Funds:</b>		
Title III D Fund	0	3,624
Title III E Fund	0	38,146
<b>Total General Fund</b>	<b>0</b>	<b>1,319,845</b>
<b>Title III B Fund:</b>		
General Fund - Local funds	637,780	0
General Fund - PCOA grant	37,500	0
<b>Total Title III B Fund</b>	<b>675,280</b>	<b>0</b>
<b>Title III C-1 Fund:</b>		
General Fund - Local funds	24,288	0
General Fund - Supp. Senior Center grants	10,912	0
Special Revenue Fund - Senior Center Fund	13,126	0
<b>Total Title III C-1 Fund</b>	<b>48,326</b>	<b>0</b>
<b>Title III C-2 Fund:</b>		
General Fund - Local funds	567,595	0
<b>Total Title III C-2 Fund</b>	<b>567,595</b>	<b>0</b>
<b>Nonmajor Fund in the Aggregate:</b>		
General Fund - Local funds	41,770	0
Title III C-1 Fund from Senior Center	0	13,126
<b>Total Nonmajor Funds in the Aggregate</b>	<b>41,770</b>	<b>13,126</b>
<b>Total Transfers</b>	<b>\$ 1,332,971</b>	<b>\$ 1,332,971</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) shift unrestricted revenues collected in the General Fund to finance various programs

**Note 21 - Interfund Transfers - (Continued)**

accounted for by special revenue funds to eliminate program deficits. These transfers were eliminated as a part of the consolidation process in preparing the government-wide financial statements.

**Note 22 - Interfund Receivables and Payables**

Because the Council operates most of its programs under cost reimbursement type grants, some programs have 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.

When interfund loans are present, they are eliminated as a part of the consolidation process in preparing the Government-wide Financial Statements.

At year-end, the Council did not have any interfund receivables or payables.

**Note 23 - Related Party Transactions**

There were no related party transactions during the year.

**Note 24 - Purchase Commitments**

The Council has deposited \$16,475 as its share of matching funds (15% of the total cost) for two vehicles that will be purchased under a federal public transportation capital assistance program for elderly and disabled persons. The vehicle purchase contract is between the Council and the Louisiana Department of Transportation and Development (DOTD). The deposited amounts have been presented as a component of nonspendable fund balance of the Council's General Fund as of year-end. Management expects the vehicles to be delivered in fiscal year 2018.

**Note 25 - Subsequent Events**

Management has evaluated subsequent events through December 21, 2017, which is the date the financial statements were available to be issued. There were no events that required disclosure.

**REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION BY GASB 34**

**Budgetary Comparison Schedule - General Fund**

**St. Charles Council on Aging, Inc.**

**Hahnville, Louisiana**

**For the year ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final (Amended)	Modified Accrual Basis	Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ 1,205,000	\$ 1,184,344	\$ 1,192,531	\$ 8,187
Intergovernmental:				
GOEA - PCOA grant	37,500	37,500	37,500	0
GOEA - AAA grant	17,031	17,031	17,031	0
GOEA - MIPPA	3,000	3,000	1,860	(1,140)
GOEA - Supplemental Senior Center grant 1	3,100	3,100	3,100	0
GOEA - Supplemental Senior Center grant 2	7,812	7,812	7,812	0
LA DOTD - Vehicle acquisition grants	75,794	0	0	0
Public Support:				
Restricted - United Way for transportation	18,000	18,000	18,000	0
Unrestricted - general public	2,100	2,100	503	(1,597)
Interest Income	2,500	2,500	9,348	6,848
Miscellaneous	0	0	7,048	7,048
Proceeds from Sale of Vehicle	500	500	0	(500)
<b>Total Revenues</b>	<b>1,372,337</b>	<b>1,275,887</b>	<b>1,294,733</b>	<b>18,846</b>
<b>EXPENDITURES</b>				
Current:				
Personnel	114,228	112,136	109,041	3,095
Fringe	25,323	21,391	20,342	1,049
Travel	408	330	398	(68)
Operating Services	34,411	36,458	30,242	6,216
Operating Supplies	4,061	4,631	5,176	(545)
Other Costs	20,514	15,034	12,116	2,918
Full Service Contracts	8,775	8,775	9,025	(250)
Capital Outlay	366,471	119,814	87,573	32,241
Intergovernmental	40,000	40,000	43,148	(3,148)
<b>Total Expenditures</b>	<b>614,191</b>	<b>358,569</b>	<b>317,061</b>	<b>41,508</b>
Excess of revenues over expenditures	758,146	917,318	977,672	60,354
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,362,171)	(1,350,525)	(1,319,845)	30,680
Transfers in	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>(1,362,171)</b>	<b>(1,350,525)</b>	<b>(1,319,845)</b>	<b>30,680</b>
<b>SPECIAL ITEM</b>				
Election Expenditures - property tax renewal	(12,000)	(12,000)	(11,195)	805
<b>Total special item</b>	<b>(12,000)</b>	<b>(12,000)</b>	<b>(11,195)</b>	<b>805</b>
<b>Net increase (decrease) in fund balance</b>	<b>\$ (616,025)</b>	<b>\$ (445,207)</b>	<b>(353,368)</b>	<b>\$ 91,839</b>
<b>FUND BALANCE</b>				
Beginning of year			1,406,895	
End of year			\$ 1,053,527	

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

**Budgetary Comparison Schedule - Title III B Fund**

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original (Unamended)</u>	<u>Final (Amended)</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Modified</u>	<u>Favorable</u>
			<u>Accrual Basis</u>	<u>(Unfavorable)</u>
<b><u>REVENUES</u></b>				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 56,687	\$ 56,687	\$ 56,687	\$ 0
Public Support (Restricted) - Client Contributions	2,230	2,230	513	(1,717)
Total Revenues	58,917	58,917	57,200	(1,717)
<b><u>EXPENDITURES</u></b>				
Current:				
Personnel	271,374	265,355	228,875	36,480
Fringe	60,159	50,618	50,190	428
Travel	8,193	8,767	6,891	1,876
Operating Services	126,022	123,303	116,769	6,534
Operating Supplies	41,330	42,557	38,647	3,910
Other Costs	7,669	9,277	10,086	(809)
Full Service Contracts	261,723	264,852	281,022	(16,170)
Total Expenditures	776,470	764,729	732,480	32,249
Excess of expenditures over revenues	(717,553)	(705,812)	(675,280)	30,532
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	717,553	705,812	675,280	(30,532)
Transfers out	0	0	0	0
Total other financing sources (uses)	717,553	705,812	675,280	(30,532)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
<b><u>FUND BALANCE</u></b>				
Beginning of year			0	
End of year			\$ 0	

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

**Budgetary Comparison Schedule - Title III C-1 Fund**

St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original (Unamended)	Final (Amended)	Amounts Modified Accrual Basis	Final Budget Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 39,418	\$ 39,418	\$ 39,418	\$ 0
NSIP grant	26,891	26,891	26,891	0
Public Support (Restricted) - Client Contributions	8,550	8,550	7,921	(629)
Total Revenues	74,859	74,859	74,230	(629)
<b><u>EXPENDITURES</u></b>				
Current:				
Personnel	53,709	51,567	48,862	2,705
Fringe	11,906	9,837	8,698	1,139
Travel	204	152	506	(354)
Operating Services	9,413	9,616	9,273	343
Operating Supplies	1,202	1,369	1,161	208
Other Costs	3,263	3,576	2,861	715
Meals	56,864	57,221	51,195	6,026
Total Expenditures	136,561	133,338	122,556	10,782
Excess of expenditures over revenues	(61,702)	(58,479)	(48,326)	10,153
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	61,702	58,479	48,326	(10,153)
Total other financing sources (uses)	61,702	58,479	48,326	(10,153)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
<b><u>FUND BALANCE</u></b>				
Beginning of year			0	
End of year			\$ 0	

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

**Budgetary Comparison Schedule - Title III C-2 Fund**

St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original (Unamended)	Final (Amended)	Amounts Modified Accrual Basis	Final Budget Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 53,717	\$ 53,717	\$ 53,717	\$ 0
NSIP grant	26,890	26,890	26,890	0
Program Service Fees - Lafourche COA	4,250	4,250	7,292	3,042
Public Support (Restricted) - Client Contributions	23,500	23,500	28,022	4,522
Total Revenues	108,357	108,357	115,921	7,564
<b><u>EXPENDITURES</u></b>				
Current:				
Personnel	238,881	217,122	226,373	(9,251)
Fringe	52,956	41,417	53,341	(11,924)
Travel	625	680	1,452	(772)
Operating Services	92,350	101,428	110,040	(8,612)
Operating Supplies	16,000	18,534	20,677	(2,143)
Other Costs	8,840	10,114	9,965	149
Meals	281,291	281,588	261,668	19,920
Total Expenditures	690,943	670,883	683,516	(12,633)
Excess of expenditures over revenues	(582,586)	(562,526)	(567,595)	(5,069)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	582,586	562,526	567,595	5,069
Total other financing sources (uses)	582,586	562,526	567,595	5,069
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
<b><u>FUND BALANCE</u></b>				
Beginning of year			0	
End of year			\$ 0	

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

**Budgetary Comparison Schedule - Senior Center**

St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original (Unamended)	Final (Amended)	Amounts Modified Accrual Basis	Final Budget Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 49,802	\$ 49,802	\$ 49,802	\$ 0
Total Revenues	49,802	49,802	49,802	0
<b><u>EXPENDITURES</u></b>				
Current:				
Personnel	0	0	0	0
Fringe	0	0	0	0
Travel	0	0	0	0
Operating Services	24,449	25,649	24,465	1,184
Operating Supplies	11,230	11,230	12,211	(981)
Other Costs	0	0	0	0
Meals	0	0	0	0
Total Expenditures	35,679	36,879	36,676	203
Excess of expenditures over revenues	14,123	12,923	13,126	203
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	(14,123)	(14,123)	(13,126)	997
Transfers in	0	1,200	0	(1,200)
Total other financing sources (uses)	(14,123)	(12,923)	(13,126)	(203)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
<b><u>FUND BALANCE</u></b>				
Beginning of year			0	
End of year			\$ 0	

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

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### St. Charles Council on Aging, Inc. Hahnville, Louisiana

For the Year Ended June 30, 2017

#### Note 1 - Budgetary Reporting

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

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

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for each of its programs.
- Management makes revenue projections based on grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Management makes projections of property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- Management develops expenditure projections using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- The Council's Executive Director and Finance Administrator prepare a proposed budget based on the revenue and expenditure projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board of directors meeting before May 31 of the current fiscal year. The original FY 2017 budget was approved at a board meeting on May 19, 2016.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(Continued)

Note 1 - Budgetary Reporting - (continued)

- The adopted budget is forwarded to GOEA for final compliance approval.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, the Council will automatically budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The *match* might be made in one year and the vehicles delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying required supplementary information include the original adopted budget amounts and all subsequent amendments. During the fiscal year, management amended the Council's budget once at a board meeting on March 16, 2017, using a procedure similar to the one used to approve the original budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from GOEA for changes relating to funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%, unless unrestricted funds are available to *cover* the overrun.
- Budgeted expenditures cannot legally exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(Continued)

Note 1 - Budgetary Reporting - (continued)

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

Note 2 - General Fund's Budgeted Operating Deficit

Management budgeted an operating deficit in the Council's General Fund this year because (1) the Council needed to make substantial capital improvements to its senior centers, (2) the Council budgeted for two FTA vehicle deposits and two home-delivered meals vehicles, (3) there was a substantial increase in the demand for in-home services and home-delivered meals and (4) there was a significant increase to fringe benefits related to health insurance as the COA began paying for all of the employee's health insurance except for \$100 per month per employee. Management was able to budget the operating deficit because the Council had enough unassigned fund balance to cover the deficit.

**SUPPLEMENTARY FINANCIAL INFORMATION FOR GOEA ANALYSIS**

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

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2017**

	<b>Title III D Fund</b>	<b>Title III E Fund</b>	<b>Totals</b>
<b><u>REVENUES</u></b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 3,349	\$ 16,719	\$ 20,068
Public Support (Restricted) - Client Contributions	0	22	22
Total revenues	3,349	16,741	20,090
<b><u>EXPENDITURES</u></b>			
<b>Health, Welfare, &amp; Social Services:</b>			
Current:			
Personnel	0	554	554
Fringe	0	203	203
Travel	0	49	49
Operating Services	0	15	15
Operating Supplies	0	0	0
Other Costs	0	0	0
Full Service Contracts	6,973	54,066	61,039
Meals	0	0	0
Capital Outlay	0	0	0
Total expenditures	6,973	54,887	61,860
Excess of revenues over (under) expenditures	(3,624)	(38,146)	(41,770)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	3,624	38,146	41,770
Operating transfers out	0	0	0
Total other financing sources (uses)	3,624	38,146	41,770
Net increase (decrease) in fund balances	0	0	0
<b><u>FUND BALANCE (DEFICIT)</u></b>			
Beginning of year	0	0	0
End of year	\$ 0	\$ 0	\$ 0

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

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<b><u>Capital Assets</u></b>				
Vehicles	\$ 438,969	\$ 35,172	\$ 0	\$ 474,141
Equipment	58,659	17,688	(24,804)	51,543
Leasehold Improvements	318,090	34,713	(14,124)	338,679
Total capital assets	<u>\$ 815,718</u>	<u>\$ 87,573</u>	<u>\$ (38,928)</u>	<u>\$ 864,363</u>

**Investment in Capital Assets**

Property acquired with funds from:

DOTD	1,269	0	0	1,269
FTA	241,204	0	0	241,204
General Fund (Local money)	523,645	87,573	(38,928)	572,290
PCOA - regular grants	6,286	0	0	6,286
PCOA - Act 55 grant	42,188	0	0	42,188
Senior Center	1,126	0	0	1,126
Total investment in capital assets	<u>\$ 815,718</u>	<u>\$ 87,573</u>	<u>\$ (38,928)</u>	<u>\$ 864,363</u>

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY LOUISIANA LAW**

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

**St. Charles Council on Aging, Inc.**

**Hahnville, Louisiana**

**For the year ended June 30, 2017**

**Executive Director's (Agency Head) Name: April Keller**

Purpose	Amount
Salary	\$ 65,041.60
Benefits-insurance (health and life)	7,123.12
Benefits-retirement	1,975.00
Benefits-other (describe) - FICA, LUTA & Worker's Compensation	7,229.99
Benefits-other (describe)	
Benefits-other (describe)	
Car allowance	
Vehicle provided by government (enter amount reported on W-2)	
Per diem	
Reimbursements for using personal car for Council business	668.39
Travel	1,036.44
Registration fees	550.00
Conference travel	
Housing	
Unvouchered expenses (example: travel advances, etc.)	
Special meals	
Other	



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

To the Board of Directors  
St. Charles Council on Aging, Inc.  
Hahnville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Charles Council on Aging, Hahnville, Louisiana, (the Council) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated December 21, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



T. S. Kearns & Co., CPA  
Thibodaux, Louisiana  
December 21, 2017

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**  
**For the Year Ended June 30, 2017**

### SUMMARY OF AUDITOR'S REPORTS

- A. Type of auditor's report issued on the financial statements: Unmodified
- B. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*:  
Internal control over financial reporting:
  - Material weaknesses identified? No
  - Significant deficiencies identified? None were reported  
Noncompliance material to the financial statements identified? No
- C. Federal Awards:  
Auditor's reports on compliance for each major federal award program and on internal control over federal awards are not applicable because federal award expenditures were less than \$750,000 and a single audit was not required this year.
- D. Was a management letter issued for this year's audit? No

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**  
**For the year ended June 30, 2017**

### **Financial Statement Findings**

The auditors did not report any financial statement findings in their audit of the Council's FY 2016 financial statements last year. Therefore, management has nothing to report in this section.

### **Major Federal Award Program Findings and Questioned Costs**

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

### **Management Letter**

None was issued last year.

## MANAGEMENT'S CORRECTIVE ACTION PLAN

**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**  
**For the Year Ended June 30, 2017**

### **To the following oversight agencies for audit:**

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

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

**Audit period:** For the year ended June 30, 2017.

The auditors did not report any findings relating to the financial statements or federal awards. Accordingly, there was not any need for management to have a corrective action plan this year in response to findings or other matters.

If you have any questions regarding this corrective action plan, please call the Council's Executive Director, April Keller, at (985) 783-6683.

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**

**For the Fiscal Period July 1, 2016 through June 30, 2017**



**T.S. KEARNS & CO.**  
**CPA**

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

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

We have performed the procedures enumerated below, which were agreed to by St. Charles Council on Aging, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Council's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

***Findings:***

Obtained the Council's written policies and procedures.

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

***Findings:***

The policy does address this function including preparing, adopting, monitoring, and amending the budget.

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

**Findings:**

The policy does address this function including (1) how purchases are initiated; (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 policy does not address (2) how vendors are added to the vendor list.

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

**Findings:**

The policy does not address this function.

d) **Receipts**, including receiving, recording, and preparing deposits

**Findings:**

The policy does address this function including receiving and preparing deposits.

The policy does not address the recording function.

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

**Findings:**

The policy does address this function including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

**Findings:**

The policy does partially address this function, including (3) approval process, and (4) monitoring process. The policy only addresses (2) standard terms and conditions on procurement contracts for services related to COA Clients. There is no policy on standard terms and conditions on all other contracts. In addition, the policy does not address (1) types of services requiring written contracts, (2) legal review.

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

**Findings:**

The policy does address this function including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring 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

**Findings:**

The policy does address this function by reference to the Louisiana Travel Guide and the Council's Employee Handbook including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

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

**Findings:**

The Employee Policy Manual references the Louisiana Code of Governmental Ethics. Therefore, the policy does address this function 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 Council's ethics policy.

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

**Findings:**

The policy does not address Debt Service because it is not applicable.

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

---

2. Obtain and review the board/committee minutes for the fiscal period, and:

a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**Findings:**

The managing board met with quorum on a frequency in accordance with the board's enabling legislation.

b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

**Findings:**

The minutes referenced the monthly budget-to-actual comparison on the General Fund and all additional major funds.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

**Findings:**

The budget-to-actual comparisons did not reflect a deficit.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Findings:**

The minutes referenced non-budgetary financial information for various meetings during the fiscal period.

**Bank Reconciliations**

---

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

**Findings:**

Obtained a listing of Council's bank accounts.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

**Findings:**

Monthly bank reconciliations were prepared for all bank accounts.

b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

**Findings:**

Bank reconciliations do not include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.

c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Findings:**

There are no reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Collections**

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

**Findings:**

Obtained listing of the Council's collection locations.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.*  
**For each cash collection location selected:**

a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Findings:**

Each person responsible for collecting cash is (1) not bonded.

Each person responsible for collecting cash is (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account.

Each person responsible for collecting cash is (3) not required to share the same cash register or drawer with another employee.

b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Findings:**

The Council has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**Findings:**

Location - Hahnville Senior Center had one receipt deposited three days after receipt and one receipt deposited two days after receipt.

Location - IIIB Homemaker receipts are collected by The Medical Team, Inc. which is contracted to provide Respite services to qualified clients. When a donation is made by a client, it is collected by the Medical Team, Inc. employee who gives it to his/her manager. The total for the month is subtracted from the Medical Team, Inc.'s monthly invoice. Other than the invoice providing the total, there is no other detail related to this cash collection.

Location - Administration had one receipt deposited five days after receipt.

All daily cash collections are completely supported by documentation except for cash collections by IIIB Homemaker.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**Findings:**

The Council does have written documentation containing a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

**Findings:**

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

**Findings:**

There were four instances in which a purchase was not initiated using a purchase order system. One was for the reimbursement of insurance withholdings from a terminated employee. One was for the purchase of a product. Two were for the purchase of insurance policies.

b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

**Findings:**

All purchases initiated using a purchase order system were approved by a person who did not initiate the purchase. The above mentioned four purchase not initiated using a purchase order system are exceptions.

c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; (3) and an approved invoice.

**Findings:**

- (1) All payments for purchases were processed with an approved purchase order. The above mentioned four purchase not initiated using a purchase order system are exceptions.
- (2) None of the payments for purchases were processed with a receiving report showing receipt of goods purchased.
- (3) One payment for a purchase was processed without an approved invoice. The Council uses a CPA in Baton Rouge to assist in processing payments. According to management, the invoice was entered into the accounts payable system, however it was then lost when the CPA's office was flooded.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**Findings:**

The Executive Director who has the authority to have a payment processed also has the authority to have a vendor added to the entity's purchasing/disbursement system. The only compensating control is that all checks must also be signed by a Board member who inspects the related invoice.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Findings:**

The Executive Director has signatory authority and makes the final authorization for disbursements. Although she has no responsibility for initiating or recording purchases, she has the authority to initiate a purchases and the authority to have it processed. The only compensating control is that all checks must also be signed by a Board member who inspects the related invoice.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**Findings:**

The supply of unused checks is maintained in a locked location. The Executive Director who has signatory authority also has access to the locked location. The only compensating control is that all checks must also be signed by a Board member who inspects the related invoice.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**Findings:**

A signature stamp or signature machine is not used.

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

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

**Findings:**

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

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

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

**Findings:**

Reviewed statements with the largest dollar activity for each card (Office Depot, Walmart, and Fuelman). Each statement tested had supporting documentation which was reviewed and approved, in writing, by the Assistant Director and Executive Director.

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

**Findings:**

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

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

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

**Findings:**

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

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

**Findings:**

Each transaction tested had a purchase order attached which included the person requesting the item as well as its purpose of use. For Fuelman, the statement included vehicle number as well as employee's name.

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

**Findings:**

Purchase orders for required transactions were included. Purchase orders were reviewed by the Executive Director. One exception was made for payment of hotel stays for a conference. The approval was made when the Assistant Director and Executive Director reviewed the credit card statement.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**Findings:**

There were no purchases made with credit cards that were subject to the Louisiana Public Bid Law.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Findings:**

There were no purchases made with credit cards that were subject to Article 7, Section 14 of the Louisiana Constitution.

**Travel and Expense Reimbursement**

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**Findings:**

Obtained the general ledger and sorted/filtered for travel reimbursements, by person.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**Findings:**

The amounts in the Council's policies related to travel and expense reimbursements do not exceed the GSA rates for per diem and mileage.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

**Findings:**

Each expense was reimbursed or prepaid in accordance with written policy.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

**Findings:**

Not applicable. All expenses were reimbursed based on an established per diem amount.

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

**Findings:**

Each expense is supported by documentation of the business/public purpose.

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

**Findings:**

Each expense is supported by other documentation required by written policy.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Findings:**

No exceptions.

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

**Findings:**

Each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Contracts**

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

**Findings:**

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

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**Findings:**

There are formal/written contract that supports the services arrangement and the amount paid.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

**Findings:**

Three of the five contracts were subject to the Louisiana Public Bid Law or Procurement Code. The Council complied with all legal requirements

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

**Findings:**

The other two contracts were (1) real estate building rental for the administrative functions and (2) monthly services of a Certified Public Accounting firm (CPA).

The Council did not solicit quotes for the rental contract because they are renting from a governmental entity that is charging a rate that is substantially lower than market rates.

The Council did not solicit quotes for the CPA services contract because (1) the CPA in charge of the services is extremely knowledgeable about the unique accounting required by the Governor's Office of Elderly Affairs, (2) is intimately knowledgeable about this entity and (3) based on the Board of Directors understanding about CPA services and fees, the contract fee is reasonable.

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**Findings:**

One contract that was subject to the Louisiana Public Bid Law or Procurement Code was amended. The original contract terms contemplated or provided for such an amendment. The contract was a four year contract for cooked meals that are provided to the elderly. The contract price was increased on July 1, 2016 by 2.6% based on the CPI Food Away From Home. The total paid in the fiscal year ending June 30, 2016 was \$342,946. \$8,691 was attributable to the 2.6% increase.

d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

**Findings:**

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

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Findings:**

For all five contracts there is documentation of board approval.

**Payroll and Personnel**

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*Findings:*

Payments to all employees selected (5) were made in strict accordance with the terms and conditions of the employment contact or pay rate structure.

b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*Findings:*

Changes made to hourly pay rates/salaries of all employees selected (5) during the fiscal period were approved in writing and in accordance with the written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*Findings:*

All employees selected (25) documented their daily attendance and leave (if applicable within the sample period).

b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*Findings:*

All leave paid had written documentation that supervisors approved the attendance and leave.

c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*Findings:*

Written documentation was maintained on all employees that earn leave.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**Findings:**

Termination payments made on the two employees selected were made in strict accordance with the policy, and were approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Findings:**

Employee and employer portions of payroll taxes and the required reporting forms were submitted to the applicable agencies by the required deadlines. The Council does not have a retirement plan.

**Ethics**

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

**Findings:**

The Council did maintain documentation to demonstrate that required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Findings:**

According to management, no alleged ethics violations were reported to the Council during the fiscal period.

## *Debt Service*

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

**Findings:**

Debt was not issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

**Findings:**

The Council did not have outstanding debt during the fiscal period.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**Findings:**

The Council did not have tax millages relating to debt service.

## *Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Findings:**

Management stated that the Council had no misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Findings:**

The Council has posted on its premises and website, the notice required by R.S. 24:523.1.

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

**Findings:**

We (the practitioner's) did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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

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



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