

Financial Report

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

June 30, 2019



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
www.kearnscpa.com

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INDEPENDENT AUDITORS' 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, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2019, 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 17) and budgetary comparison information (pages 61 through 64) 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 13, 2019 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 13, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

St. Charles Council on Aging, Inc.

June 30, 2019

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, 2019. 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 an increase in overall net position of \$208,195, or about 12.5%.
- Net capital assets of the Council increased by \$66,733, or about 15.3%.
- The Council's fund revenues increased by \$146,821, or about 8.2%.
- Fund expenditures increased by \$180,861, or about 11.3%.
- The unassigned fund balance for the Council's General Fund was \$1,360,829, at year-end, whereas last year's unassigned fund balance was \$1,199,768.
- No deficit fund balances existed at year-end.
- The Council has no long-term debt.
- Administrative expenses increased by \$52,929 or about 19% this year. In addition, administrative expenses were about 18% of the Council's gross operating revenue for this year versus 16% 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

the Council's most significant funds.

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

On page 73 of this reporting package is a second report by the independent auditor. 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 auditor did not identify any deficiencies in internal control over financial reporting that he considered to be material weaknesses. In addition, the auditor stated that his tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements, which present different views 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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. The Council does not have any business-type activities and it did not directly charge any person or entity who received any service a fee to receive the service during the year.

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, three Special Revenue Funds that have been determined to be *Major Funds*, and a column for the total of all remaining Special Revenue Funds, which are deemed to be *Nonmajor Funds*. Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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.

**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 2019 and 2018:

	2019	2018	Increase (Decrease)
Current and Other Assets:			
Current Assets	\$ 1,431,069	\$ 1,019,863	\$ 411,206
Long-term Investments	-	240,701	(240,701)
Capital Assets, net of depreciation	503,975	437,242	66,733
Total Assets	<u>1,935,044</u>	<u>1,697,806</u>	<u>237,238</u>
Current Liabilities	<u>64,568</u>	<u>35,525</u>	<u>29,043</u>
Total Liabilities	<u>64,568</u>	<u>35,525</u>	<u>29,043</u>
Net Position			
Net Investment in Capital Assets	503,975	437,242	66,733
Restricted	-	-	-
Unrestricted	1,366,501	1,225,039	141,462
Total Net Position	<u>\$ 1,870,476</u>	<u>\$ 1,662,281</u>	<u>\$ 208,195</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

As of June 30, 2019, and 2018, the Council *as a whole* had assets greater than its liabilities of \$1,870,476 and \$1,662,281, respectively. About 73.0% of the Council's total net position is *unrestricted* at year-end whereas it was about 73.7% 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.

Current assets include \$1,094,383 (\$912,615 for 2018) 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.

Long-term investments include investments that have maturity dates in excess of one year from the end of the current fiscal year. The Council had one long-term investments at year-end in the form of a certificate of deposit of \$245,597 (\$240,701 for 2018) which matures in February 2020. Longer maturity dates are a way to maximize interest income on a portion of the excess operating funds. When the certificate of deposit matures in 2020, management will examine the Council's cash flow needs at that time and decide if reinvesting the proceeds into a new certificate of deposit is prudent.

Current liabilities consist primarily of accounts payable to vendors of \$54,805 (\$28,235 for 2018), credit card debt of \$614 (\$548 for 2018) and payroll related liabilities of \$2,063 (\$1,204 for 2018) that are due in the normal course of operations. Also included is \$7,086 (\$5,538 for 2018) 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following table illustrates the revenues and expenses that produced the changes in net position for FY 2019 and FY 2018, respectively.

<u>Revenues</u>	2019	% of Total	2018	% of Total
Program Revenues:				
Operating Grants and Contributions	\$ 367,774	19.62%	\$ 366,939	21.15%
Capital Grants and Contributions	105,350	5.62%	103,326	5.95%
Charges for Services	-	0.00%	3,224	0.19%
General Revenues:				
Property Taxes, net of intergovernmental exp	1,318,399	70.33%	1,167,771	67.30%
Unrestricted Grants and Contributions	49,703	2.65%	50,571	2.91%
Interest Income	26,995	1.44%	14,460	0.83%
Miscellaneous income	6,372	0.34%	7,899	0.46%
Gain (loss) on disposition of capital assets	-	0.00%	21,020	1.21%
Total Revenues	\$ 1,874,593	100.00%	\$ 1,735,210	100.00%
<u>Direct Program Expenses of the Health, Welfare, and Social Services Function:</u>				
Supportive Services:				
Transportation of the elderly	\$ 289,689	17.38%	\$ 275,777	17.92%
Personal Care	122,472	7.35%	96,410	6.27%
Homemaker	90,917	5.46%	33,649	2.19%
Recreation	74,219	4.45%	66,682	4.33%
Information & Assistance	65,857	3.95%	72,846	4.73%
Other supportive services	4,741	0.28%	4,723	0.31%
Nutrition Services:				
Congregate Meals	101,075	6.07%	99,024	6.44%
Home-delivered Meals - elderly (over 60)	437,092	26.23%	464,021	30.16%
Home-delivered Meals - nonelderly (under 60)	9,266	0.56%	6,506	0.42%
Disease Prevention and Health Promotion	5,775	0.35%	4,997	0.32%
Family Caregiver Support	47,101	2.83%	50,566	3.29%
Senior Citizen Center Operations	51,453	3.09%	53,229	3.46%
Transportation Services - non-elderly	25,876	1.55%	21,077	1.37%
Other Senior Citizen Activities	4,938	0.30%	6,088	0.40%
Direct Administrative Expenses	335,927	20.16%	282,998	18.39%
Total Expenses	\$ 1,666,398	100.00%	\$ 1,538,593	100.00%
Increase (Decrease) in Net Position	208,195		196,617	
Net Position beginning of the year	1,662,281		1,465,664	
Net Position end of the year	\$ 1,870,476		\$ 1,662,281	

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 2019 and FY 2018 than does the Statement of Activities. As you can see from the table, approximately 70.3% and 67.3% of the Council's revenues came from a local property tax in FY 2019 and FY 2018, 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 source of revenues accounted for about 19.6% of the Council's total revenues which is about 1.5% less 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 2.65% of the Council's revenues in FY 2019 whereas it was about 2.9% in FY 2018.

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 such as homemaker and personal care. As these demands increase, management may need to adjust its annual budget to reallocate available resources to meet the demands.

Also note that when comparing FY 2019 to FY 2018 that some direct service expenses are much higher this year versus last year. In particular, these services include personal care, homemaker, and recreation. The Council had to *cut back* services in these areas for FY 2018 in order to offset the large decrease in net position that it incurred in FY 2017. However, in FY 2019 the Council was able to restore these services which resulted in the higher expenses when compared to FY 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 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 2019, total administration expenses were \$335,927 whereas for FY 2018 total administration expenses were \$282,998. Administrative expenses comprised about 20% of the total expenses for this year compared to 18% last year. These percentages are within management's expectations and compare favorably with other councils on aging around Louisiana. Administration expenses include indirect type costs, which are costs that benefit all programs instead of specific programs.

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

Fund Balances

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances for all fund types of \$1,373,587 (as shown on Exhibits C and D), which is an increase of \$143,010 when compared to last year. The unassigned fund balance component of the General Fund was \$1,360,829 and is available for spending at management's discretion. The remainder of the General Fund balance consists of \$12,758 of nonspendable resources. None of the special revenue funds had a fund balance at year-end.

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

Revenues and Other Financing Sources

The combined fund revenues and other financing sources increased \$146,821 this year versus last year, as shown in the table below.

	% of 2019		% of 2018		Increase/(Decrease)	
	2019	Total	2018	Total	Amount	Percent
Property Taxes	\$ 1,373,231	71.17%	\$ 1,215,163	68.17%	\$ 158,068	13.01%
Intergovernmental	458,247	23.75%	453,106	25.42%	5,141	1.13%
Program Service Fees	0	0.00%	3,224	0.18%	(3,224)	100.00%
Public Support	64,580	3.35%	67,732	3.80%	(3,152)	-4.65%
Interest Income	26,995	1.40%	14,460	0.81%	12,535	86.69%
Miscellaneous	6,372	0.33%	7,899	0.44%	(1,527)	-19.33%
Sale of Vehicles	0	0.00%	21,020	1.18%	(21,020)	100.00%
Total	\$ 1,929,425	100.00%	\$ 1,782,604	100.00%	\$ 146,821	8.24%

Property tax revenue increased this year because of a \$156,715,120 increase in the property tax base in St. Charles Parish.

Intergovernmental revenue increased this year primarily due to a \$4,890 increase in NSIP funds received from GOEA.

Program service fees were previously 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 Council no longer provided this service during FY 2019.

Public support revenue decreased by \$3,152 in comparison to last year. The overall decrease was mainly due to the Council not receiving several corporate grants during FY19 that were only received during FY18.

Interest income increased this year mainly because the Council earned \$10,560 more in interest from money invested in LAMP. The daily interest rate yields in FY 19 were much higher throughout the year (2.01% to 2.56%) than they were in FY18 (.98% to 2.05%).

Miscellaneous income is comprised of a variety of revenue items but the most noteworthy one represents a dividend of \$5,364 from the Council's workman's compensation insurer.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Sales of vehicles will vary year to year. This year the Council did not sell any vehicles.

Expenditures

Total expenditures increased by \$180,861 this year, as shown in the table below.

	2019	% of 2019 Total	2018	% of 2018 Total	Increase (Decrease) Amount	Increase (Decrease) Percent
Personnel	\$ 571,254	31.98%	\$ 533,877	33.25%	\$ 37,377	7.00%
Fringe	74,514	4.17%	70,210	4.37%	4,304	6.13%
Travel	813	0.05%	2,023	0.13%	(1,210)	-59.81%
Operating Services	270,140	15.12%	266,688	16.61%	3,452	1.29%
Operating Supplies	74,331	4.16%	59,661	3.72%	14,670	24.59%
Other Costs	30,626	1.71%	30,689	1.91%	(63)	-0.21%
Full Service Contracts	269,612	15.09%	190,478	11.86%	79,134	41.54%
Meals	278,372	15.58%	276,255	17.21%	2,117	0.77%
Capital Outlay	161,921	9.06%	128,281	7.99%	33,640	26.22%
Intergovernmental	54,832	3.07%	47,392	2.95%	7,440	15.70%
	<u>\$ 1,786,415</u>	<u>100.00%</u>	<u>\$ 1,605,554</u>	<u>100.00%</u>	<u>\$ 180,861</u>	<u>11.26%</u>

Personnel expenditures increased this year primarily because the Council decided to provide an “across the board” raise to all employees equal to 1% plus an additional .25 cents per hour. In addition, due to the increase in services in FY 19, some of the Council’s employees worked additional hours. The Council generally employs about 25 employees at any given time. **Fringe** expenditures increased overall primarily because (1) payroll taxes increased (\$2,210) as a result of wage increases and (2) the Council’s cost of employee health insurance increased due to rising health care costs in general (\$2,094). **Travel** expenditures decreased because the employees were able to use a company provided vehicle rather than their personal vehicles and there was less out of town travel. **Operating service** expenditures slightly increased (\$3,452). **Operating supplies** expenditures increased this year primarily because of an increase in auto fuel costs (\$9,715) and office supplies (\$2,413). **Other costs** decreased this year by only \$63, so they were very close to management’s expectations. **Full service contract** expenditures significantly increased this year mainly due to increases in (1) personal care services (\$26,063), and (2) homemaker services (\$57,268). However, respite services were \$3,535 less than last year. All of these services benefit the senior citizens directly. **Meals** expenditures increased by \$2,117 primarily because the Council served 3,625 more meals this year (87,559 versus 83,934). **Capital outlay** expenditures increased this year by \$33,640. Typically, capital outlay expenditures vary from year-to-year based on the needs of the Council. For more details about this year’s capital outlay expenditures please read the *Analysis of Capital Asset* section that follows later in this

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

discussion. The increase in **intergovernmental** expenditures of \$7,440 was primarily related to \$2,259 of costs related to the November 6, 2018 property tax election and an increase of \$5,097 in intergovernmental pension charges to the Council. The election costs are only incurred when the Council has a property tax from which it benefits on the ballot. Furthermore, the Council has no control over the intergovernmental pension charges, which are (1) shared pro-rata along with other governmental agencies around the state and (2) based on the annual property tax assessments.

AN ANALYSIS OF THE GENERAL FUND BUDGET

During the fiscal year management amended its General Fund budget once. 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 several changes made to the budgeted revenues. Some of the more notable changes to revenues were (1) an increase in anticipated property tax revenues (\$84,848), (2) an increase in the supplemental senior center funds (\$10,913) and (3) an increase in interest related to the LAMP account (\$13,500).

There were changes made to most of the expenditure categories. The most notable change that directly affected the General Fund was an increase of \$8,987 to capital outlay expenditures. The changes to the other expenditure categories were primarily a byproduct of changes to the indirect cost allocation caused by changes to the budgets of the various special revenue funds. In addition, due to the overall decrease in expenditures of the special revenue fund budgets the amount needing to be transferred from the General Fund decreased by \$65,294.

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 \$44,652. The more noteworthy reasons behind this net favorable variance can be summed up as follows:

- Total revenues were \$18,327 more than expected primarily because vehicle acquisition grants were \$11,989 more than budgeted and property tax revenues were \$5,479 more than budgeted.
- Total expenditures were \$40,351 more than budgeted mainly because there were \$23,098

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

more capital outlay expenditures and \$11,697 more wages than anticipated this year.

- Transfers to other programs were budgeted in the aggregate to be \$1,146,349 whereas actual needs only required \$1,079,673 of transfers from the General Fund, resulting in a favorable variance of \$66,676.

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 \$503,975 in capital assets net of accumulated depreciation, which is a net increase from last year of \$66,733. The net increase is comprised of the cost (\$161,921) of assets that were acquired, less current year depreciation of \$95,188. The capital assets acquired this year consisted of two new transportation vehicles (\$128,714), two new AC units at the Hahnville location (\$22,064 & \$1,136), restroom renovations at the New Sarpy Senior Center (\$1,400), a new laptop computer (\$1,522), and a new server fully installed with a firewall (\$5,702 and \$1,383). The old server was disposed of this year. Seven of the Council’s seventeen 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.

Capital Assets, Net of Depreciation

	2019	2018	Increase (Decrease)
Vehicles	\$ 203,422	\$ 145,946	\$ 57,476
Equipment	15,062	12,216	2,846
Leasehold Improvements	285,491	279,080	6,411
	\$ 503,975	\$ 437,242	\$ 66,733

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 \$2,948,481 in revenues and \$2,078,820 in expenditures for the Council's programs in FY 2020 producing an excess of revenues over expenditures of \$869,661. The main reason for the budgeted profit next year is due to the Council receiving an increase in property tax revenue which it expects to use to increase future services, purchase newer vehicles, renovate senior centers and offer more competitive wages to attract long-term employees.

The GOEA has approved the Council's original budget for fiscal year 2020. There are no plans to add or terminate any programs in FY 2020. In addition, there are no plans to amend the original FY 2020 budget based on current events and known future events. However, circumstances may change as the year progresses, which may necessitate a budget amendment. Management monitors the Council's budgeted revenues and expenditures each month and will amend the budget if necessary.

On November 6, 2018 an election was held in the St. Charles Parish, which included *Proposition #3* requesting an additional .8 mills property tax be levied for the purpose of increasing the Council's funding for a period of ten (10) years, beginning with the year 2019 and ending with the year 2028. The proceeds of this additional property tax are to be used for constructing, improving, maintaining and operating facilities and programs for the elderly in the Parish. This proposition passed, which has resulted in an estimated increase in the Council's annual property tax revenue of \$1,014,000.

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, 2019

	Governmental Activities
ASSETS	
Current Assets:	
Cash and short-term investments	\$ 1,398,781
Property tax receivable	13,867
Receivable from GOEA	600
Receivable from SBET	5,063
Prepaid expenditures	12,758
Total current assets	1,431,069
Capital assets, net of accumulated depreciation	503,975
Total Assets	1,935,044
 LIABILITIES	
Current Liabilities:	
Accounts payable	55,419
Accrued payroll taxes	2,063
Accrued compensated absences	7,086
Total current liabilities	64,568
 NET POSITION	
Net investment in capital assets	503,975
Unrestricted	1,366,501
Total Net Position	\$ 1,870,476

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, 2019

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
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the Elderly	\$ 289,689	\$ 112,534	\$ 0	\$ 33,979	\$ 105,350	\$ (262,894)
Homemaker	90,917	0	0	6,364	0	(84,553)
Information and Assistance	65,857	31,674	0	4,610	0	(92,921)
Legal Assistance	2,765	0	0	1,830	0	(935)
Medical Alert	1,669	0	0	117	0	(1,552)
Personal Care	122,472	0	0	8,573	0	(113,899)
Outreach	307	148	0	22	0	(433)
Recreation	74,219	35,696	0	0	0	(109,915)
Nutrition Services:						
Congregate Meals	101,075	23,949	0	44,288	0	(80,736)
Home Delivered Meals - elderly (over 60)	437,092	100,984	0	146,495	0	(391,581)
Home Delivered Meals - nonelderly (under 60)	9,266	2,165	0	9,500	0	(1,931)
Disease Prevention and Health Promotion	5,775	0	0	4,104	0	(1,671)
Family Caregiver Support	47,101	0	0	16,081	0	(31,020)
Senior Citizen Center Operations	51,453	0	0	49,802	0	(1,651)
Transportation Services - Non Elderly	25,876	10,052	0	22,500	0	(13,428)
Other Senior Citizen Activities	4,938	2,346	0	3,130	0	(4,154)
Administration	335,927	(319,548)	0	16,379	0	0
Total governmental activities	<u>\$ 1,666,398</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 367,774</u>	<u>\$ 105,350</u>	<u>(1,193,274)</u>
General Revenues:						
Property taxes, net of intergovernmental expenses withheld (\$54,832)				1,318,399		
Grants and contributions not restricted to specific programs				49,703		
Interest income				26,995		
Miscellaneous income				6,372		
Total General Revenues				<u>1,401,469</u>		<u>1,401,469</u>
Increase (Decrease) in net position						208,195
Net Position - Beginning of the Year						<u>1,662,281</u>
Net Position - End of the Year						<u>\$ 1,870,476</u>

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, 2019**

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,343,390	\$ 24,376	\$ 4,667	\$ 20,672	\$ 5,676	\$ 1,398,781
Property tax receivable	13,867	0	0	0	0	13,867
Receivable from GOEA	600	0	0	0	0	600
Receivable from SBET	5,063	0	0	0	0	5,063
Prepaid expenditures	12,758	0	0	0	0	12,758
Total Assets	<u>\$ 1,375,678</u>	<u>\$ 24,376</u>	<u>\$ 4,667</u>	<u>\$ 20,672</u>	<u>\$ 5,676</u>	<u>\$ 1,431,069</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,766	\$ 23,444	\$ 4,513	\$ 20,020	\$ 5,676	\$ 55,419
Accrued payroll taxes	325	932	154	652	0	2,063
Total Liabilities	<u>\$ 2,091</u>	<u>\$ 24,376</u>	<u>\$ 4,667</u>	<u>\$ 20,672</u>	<u>\$ 5,676</u>	<u>\$ 57,482</u>
Fund Balances						
Nonspendable - prepaid expenditures	\$ 12,758	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,758
Unassigned	1,360,829	0	0	0	0	1,360,829
Total Fund Balances	<u>\$ 1,373,587</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,373,587</u>
Total Liabilities and Fund Balances	<u>\$ 1,375,678</u>	<u>\$ 24,376</u>	<u>\$ 4,667</u>	<u>\$ 20,672</u>	<u>\$ 5,676</u>	
Amounts reported for governmental activities in the statement of net position are different because:						
- Compensated absences are not paid for out of current financial resources and therefore are not reported as liabilities in the governmental funds						(7,086)
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds						503,975
Net Position of Governmental Activities						<u>\$ 1,870,476</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
St. Charles Council on Aging, Inc.
Hahnville, Louisiana
For the year ended June 30, 2019

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Non-Major Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 1,373,231	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,373,231
Intergovernmental:						
Governor's Office of Elderly Affairs	67,792	55,057	37,729	122,332	69,987	352,897
Louisiana Dept. of Transportation	105,350	0	0	0	0	105,350
Public Support (Restricted):						
Client Contributions	0	437	6,559	24,163	0	31,159
United Way - local transportation	22,500	0	0	0	0	22,500
United Way for meals under 60	9,500	0	0	0	0	9,500
Other senior center activities	130	0	0	0	0	130
Public Support (Unrestricted)	1,291	0	0	0	0	1,291
Interest Income	26,995	0	0	0	0	26,995
Miscellaneous	6,372	0	0	0	0	6,372
Total revenues	1,613,161	55,494	44,288	146,495	69,987	1,929,425
EXPENDITURES						
Health, Welfare, & Social Services:						
Current:						
Personnel	107,333	237,642	51,863	173,561	855	571,254
Fringe	12,439	37,575	5,404	18,887	209	74,514
Travel	139	332	48	294	0	813
Operating Services	36,659	111,491	10,955	88,285	22,750	270,140
Operating Supplies	6,248	41,393	895	15,475	10,320	74,331
Other Costs	6,142	9,639	3,514	9,954	1,377	30,626
Full Service Contracts	0	217,823	0	0	51,789	269,612
Meals	4,765	0	51,280	222,327	0	278,372
Capital Outlay	161,921	0	0	0	0	161,921
Intergovernmental	54,832	0	0	0	0	54,832
Total expenditures	390,478	655,895	123,959	528,783	87,300	1,786,415
Excess of revenues over (under) expenditures	1,222,683	(600,401)	(79,671)	(382,288)	(17,313)	143,010
OTHER FINANCING SOURCES (USES)						
Operating transfers in	0	600,401	79,671	382,288	32,691	1,095,051
Operating transfers out	(1,079,673)	0	0	0	(15,378)	(1,095,051)
Total other financing sources (uses)	(1,079,673)	600,401	79,671	382,288	17,313	0
Net increase (decrease) in fund balances	143,010	0	0	0	0	143,010
FUND BALANCE (DEFICIT)						
Beginning of year	1,230,577	0	0	0	0	1,230,577
End of year	\$ 1,373,587	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,373,587

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, 2019**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$ 143,010
<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 Capital Outlay expenditures (\$161,921) exceeded Depreciation expense (\$95,188) this year.</p>	
	66,733
<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>	
Increase in compensated absences payable	<u>(1,548)</u>
Increase (Decrease) of Net Position of Governmental Activities	<u><u>\$ 208,195</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, 2019**

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)

The primary services provided by the Council to the elderly residents of St. Charles Parish include transportation, homemakers, information & assistance, legal assistance, medical alert devices, personal care, outreach, recreation, 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.

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

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

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.

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

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

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.

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

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

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.

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.

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

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 to include one nonmajor fund (Title III C-1 Fund) as a major fund. The remaining nonmajor funds are summarized (aggregated) by category or fund type into a single column in the fund financial statements.

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

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

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.

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 1,505 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.

Local Home Delivered Meals Program - Non-elderly Meals

The Council provides meal delivery services to persons who are not 60 years old, but reside with someone who is at least 60 years old and who is receiving home-delivered meals under the Title III C-2 program. United Way funds and unrestricted public support are used to pay for these services. During the year 1,609 units of service were provided under this program.

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 2019, the Council received this grant money into its General Fund and

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

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 \$16,379 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 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 \$10,913 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 acquired two vans using FTA grant funds.

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

Medicare Improvement for Patients and Providers Act (MIPPA) Program

The Council has a MIPPA program that provides educational and enrollment assistance to Medicare eligible people in the community. During the year, the Council hosted 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.

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 only 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* establish 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.

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 (\$55,057) the Council received

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

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	1,133
Outreach	17
Transportation for people age 60 or older	20,024
Material Aid	1,508
Medical Alert	70
Personal Care	7,423
Homemaker	5,647.50
Legal Assistance	42.54
Assisted Transportation	281

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 Luling, New Sarpy, and Norco. During the year, the Council reported to GOEA that it provided 16,122 meals and 8 units of nutrition education to eligible participants.

There were two main sources of revenues received this year that form the basis of this fund: *Special Programs for the Aging – Title III, Part C-1 – Nutrition Services* grant funds (\$37,729) and contributions from those persons who received congregate meals (\$6,559).

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

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 (\$52,623); Nutrition Services Incentive Program (NSIP) grant funds (\$69,709); and contributions from those persons who received the home-delivered meals (\$24,163). The Council reported to GOEA that it provided 71,437 home-delivered meals and 59 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.

Non-Major Special Revenue Funds:

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds (\$49,802) 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 \$15,378 were not used and transferred to the Title III C-1 Fund.

Title III D Fund

The Title III D Fund is used to account for wellness services, which include

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

disease prevention and health promotion activities that are paid for using GOEA funds. During the year, 645 units of wellness services. The main source of the revenue forming the basis for this fund is a grant (\$4,104) 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 2,788.75 units of in-home respite and 61 units of information and assistance to eligible participants. The main source of the revenue forming the basis for this fund is a grant (\$16,081) the Council received from GOEA for the *Title III, Part E _ National Family Caregivers Support Program*.

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

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

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.

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.

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

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 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 will contain an allowance for uncollectible property (ad valorem) tax if management estimates that some of the tax owed the Council will not be collected. When an allowance is considered appropriate by management, the amount will be applied to reduce the property tax receivable amount

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

presented on the Statement of Net Position (Exhibit A) and the Balance Sheet (Exhibit C). Management has estimated all the property tax will be collected, so no amount was provided for as an allowance.

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.

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.

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

Government-Wide Financial Statements

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

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

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

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

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

recorded on capital assets for purposes of the fund financial statements.

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 or any other funding agency.

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 had no 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, 2019 (approximately \$250) 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 portion of the debt attributable to the unspent proceeds is not included in this component of net position. Rather, that portion of the debt is included in the same component of net position as the unspent proceeds. At year-end, the Council did not have any borrowings that were related to capital assets.
- *Restricted net position* – This component reports the amount of net position with externally imposed constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – This component is the balance (deficit) of all other 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 as being nonspendable because these items are not expected to be converted to cash.
- *Restricted*: This classification includes amounts for which constraints have been placed on the use of resources and are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.
- *Committed*: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year-end.
- *Assigned*: This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are

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

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. 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 Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on

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

the relationship the direct cost a program bears to the direct cost of all programs. Occasionally, there are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations or management does not allocate any indirect costs because of the immateriality of the amounts involved.

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. Special items are reported separately in both the government-wide statement of activities and the governmental fund statements of revenues, expenditures, and changes in fund balances. The Council had no special items to report for FY19.

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

Note 3 - Revenue Recognition - Property Tax

The Council receives funds from a property tax which purpose is to operate and maintain programs for the elderly in St. Charles Parish. The property tax was renewed for a ten-year period, ending with the year 2027, by the voters of St. Charles Parish on December 10, 2016.

The tax is based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1st day of January is used as the date to value the property subject to tax and make the annual assessment. The gross assessed value as of January 1, 2018, of the certified property tax roll was \$1,524,310,697. After applying homestead exemptions of \$99,569,259, the net assessed value upon which the Council's property tax was computed was \$1,424,741,438. The maximum amount the Council may legally elect to assess property owners each year is .98 mills, however, for this fiscal year .96 mills was assessed. Accordingly, management initially estimated the gross amount of property tax payable to the Council for this fiscal year to be \$1,367,752. 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 \$1,366,274. In addition, the Council collected \$6,957 of prior year property taxes previously written off. As a result, the adjusted property tax revenue presented in this year's financial statements is \$1,373,231.

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 2018 tax assessment was June 7, 2019 and the tax liens were recorded on June 27, 2019.

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 are collected and remitted to the Council, they are recorded as revenues in accordance

Exhibit F Continued

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 \$684, 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 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 2019 the intergovernmental expenses totaled \$54,832 and consisted of (1) *on-behalf payments for fringe benefits* (\$45,460 - also see Note 12), (2) insurance premiums (\$5,801) on buildings used by the Council but owned by the Parish, (3) a prorated cost for the Nov. 6, 2018 tax election (\$2,259), and (4) indirect costs charged by the Parish (\$1,312). In contrast, for purposes of Exhibit D, intergovernmental expenditures of \$54,832 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.

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

Exhibit F Continued

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 \$245,597 in a certificate of deposit and \$1,094,383 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.
- 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

Exhibit F Continued

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 33 days and the WAM (to final) is 99 days as of June 30, 2019.
- Foreign currency risk: Not applicable to 2a7-like pools.

At June 30, 2019, the Council's cash and investments consisted of the following:

<u>Cash & Investments</u>	<u>Cost (*)</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:				
Checking account - operating	\$ 58,601	None	Demand	Category 1
Petty Cash & Cash on Hand	200	None	N/A	None
Total Cash	58,801			
Investments:				
Certificates of Deposit:				
First American Bank	245,597	0.75%	2/22/2020	Category 1
LAMP	1,094,383	2.43%	Demand	Not Required
Total Investments	1,339,980			
Total Cash & Investments	\$ 1,398,781			
Unrestricted Purpose	\$ 1,398,781			
Restricted Purpose	-			
Total Cash & Investments	\$ 1,398,781			

Cost approximates fair value in the above table.

The certificate of deposit represents a nonparticipating interest-earning contract as described in GASB Statement 31; accordingly, it has been reported at cost in these financial statements. The maturity date of the certificate of deposit is before June 30, 2020 therefore it is presented as a short-term investment on the Statement of Net Position.

Note 5 - Receivable from GOEA

At June 30, 2019, all amounts under government grants and contracts had been remitted to the Council except for \$600 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	\$ 7,073
Dues & Subscriptions	100
July Rent	1,102
Worker's Comp Premiums	4,483
Totals	<u>\$ 12,758</u>

Note 7 - Changes in Capital Assets

A summary of changes in capital assets is as follows:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2019</u>
Vehicles	\$ 455,445	\$ 128,714	\$ 0	\$ 584,159
Equipment	51,543	8,607	(14,491)	45,659
Leasehold improvements	347,158	24,600	0	371,758
	<u>854,146</u>	<u>161,921</u>	<u>(14,491)</u>	<u>1,001,576</u>
Less: Accumulated Depreciation	<u>(416,904)</u>	<u>(95,188)</u>	<u>14,491</u>	<u>(497,601)</u>
Total	<u>\$ 437,242</u>	<u>\$ 66,733</u>	<u>\$ 0</u>	<u>\$ 503,975</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.

Depreciation was charged to governmental activities as follows:

Supportive Services:		
Transportation for the elderly	\$	55,711
Nutrition Services:		
Congregate meals		0
Home-delivered meals		4,799
Senior citizen center operations		17,028
Transportation of the nonelderly		4,976
Administration		12,674
		<hr/>
Total Depreciation Expense	\$	<u>95,188</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 6/30/2018	Net Increase (Decrease)	Balance 6/30/2019
Accumulated Unpaid Leave	\$ 5,538	\$ 1,548	\$ 7,086

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 1,093 informational flyers to the elderly as a crime prevention service provided by the Council. Management has estimated the value of this service to be \$1,596.

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 1,508 food boxes. The estimated value of the food within each box was \$75.64 (\$114,065 = total for all boxes).

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 total annual cost would have been \$9,540 (281 units at \$33.95/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 \$40,363 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 \$45,460 of the Council's property tax revenues this year:

Assessor's retirement fund	\$ 4,374
Clerks' of Court Retirement & Relief Fund	4,088
District Attorney's Retirement System	3,271
Municipal Employee's Retirement System	4,088
Parochial Employees' Retirement System	4,088
Registrar of Voters Employees' Retirement	1,022
Sheriff's Pension & Relief Fund	8,176
Teachers' Retirement System	16,353
	<u>\$ 45,460</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 starting March 1, 2017. The total amount paid by the Council for the lease this year was \$4,180. In addition, the Council had to pay \$3,074 for usage charges and a property tax relating to this copy machine.

Exhibit F Continued

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, 2019 for each year until the lease expires, and in the aggregate, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	4,180
2021	4,180
2022	2,786
Total future minimum lease payments	<u>\$ 11,146</u>

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 paid 65% of the total amount of the health insurance for each employee who elected to participate in the health insurance benefit. The Council's portion (cost) for its portion of the health insurance in FY19 was \$26,226, whereas in FY18 it was \$24,132.

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) \$18,500 (\$24,500 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, \$19,973 was contributed to the Plan via employee salary deferrals. The Council contributed \$2,996 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

Exhibit F Continued

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:

	Operating Transfers	
	In From	Out To
General Fund:		
Title III B Fund	\$ 0	\$ 600,401
Title III C-1 Fund	0	64,293
Title III C-2 Fund	0	382,288
Nonmajor Funds:		
Title III D Fund	0	1,671
Title III E Fund	0	31,020
Total General Fund	0	1,079,673
Title III B Fund:		
General Fund - Local funds	562,901	0
General Fund - PCOA grant	37,500	0
Total Title III B Fund	600,401	0
Title III C-1 Fund:		
General Fund - Local funds	53,380	0
General Fund - Supp. Senior Center grants	10,913	0
Special Revenue Fund - Senior Center Fund	15,378	0
Total Title III C-1 Fund	79,671	0
Title III C-2 Fund:		
General Fund - Local funds	382,288	0
Total Title III C-2 Fund	382,288	0
Nonmajor Fund in the Aggregate:		
General Fund - Local funds	32,691	0
Title III C-1 Fund from Senior Center	0	15,378
Total Nonmajor Funds in the Aggregate	32,691	15,378
Total Transfers	\$ 1,095,051	\$ 1,095,051

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 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 no significant purchase commitments at year-end.

Note 25 - Subsequent Events

Management has evaluated subsequent events through December 13, 2019, which is the date the financial statements were available to be issued. There were no events that required disclosure.

Note 26 - Tax Abatements

The St. Charles Parish Government enters into property tax abatement agreements with local businesses. Based on various Louisiana economic development programs, local taxing authorities may grant property tax abatements for the purpose of attracting or retaining businesses within their jurisdictions.

For the fiscal year ended June 30, 2019, the St. Charles Council on Aging, Inc.'s portion of the total tax abatements were \$113,831.59.

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final (Amended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Property Taxes	\$ 1,282,904	\$ 1,367,752	\$ 1,373,231	\$ 5,479
Intergovernmental:				
GOEA - PCOA grant	37,500	37,500	37,500	0
GOEA - AAA grant	16,379	16,379	16,379	0
GOEA - MIPPA	2,260	3,350	3,000	(350)
GOEA - Supplemental Senior Center grant 1	0	3,100	3,100	0
GOEA - Supplemental Senior Center grant 2	0	7,813	7,813	0
LA DOTD - Vehicle acquisition grants	93,361	93,361	105,350	11,989
Public Support:				
Restricted - United Way for transportation	22,500	22,500	22,500	0
Restricted - United Way for meals under 60	9,500	9,500	9,500	0
Restricted - other senior center activities	0	0	130	130
Unrestricted - general public & grants	5,000	1,000	1,291	291
Interest Income	11,850	25,350	26,995	1,645
Miscellaneous	1,150	7,229	6,372	(857)
Total Revenues	1,482,404	1,594,834	1,613,161	18,327
<u>EXPENDITURES</u>				
Current:				
Personnel	86,091	95,636	107,333	(11,697)
Fringe	11,159	12,565	12,439	126
Travel	315	100	139	(39)
Operating Services	26,854	28,832	36,659	(7,827)
Operating Supplies	2,444	3,811	6,248	(2,437)
Other Costs	17,419	9,360	6,142	3,218
Meals -nonelderly (under 60)	9,500	9,500	4,765	4,735
Full Service Contracts	0	0	0	0
Capital Outlay	129,836	138,823	161,921	(23,098)
Intergovernmental	44,000	51,500	54,832	(3,332)
Total Expenditures	327,618	350,127	390,478	(40,351)
Excess of revenues over expenditures	1,154,786	1,244,707	1,222,683	(22,024)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(1,211,643)	(1,146,349)	(1,079,673)	66,676
Transfers in	0	0	0	0
Proceeds from sale of vehicles	6,000	0	0	0
Total other financing sources (uses)	(1,205,643)	(1,146,349)	(1,079,673)	66,676
Net increase (decrease) in fund balance	\$ (50,857)	\$ 98,358	143,010	\$ 44,652
<u>FUND BALANCE</u>				
Beginning of year			1,230,577	
End of year			<u>\$ 1,373,587</u>	

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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u> <u>(Unamended)</u>	<u>Final</u> <u>(Amended)</u>	<u>Amounts</u> <u>Modified</u> <u>Accrual Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 55,057	\$ 55,057	\$ 55,057	\$ 0
Public Support (Restricted) - Client Contributions	255	255	437	182
Total Revenues	55,312	55,312	55,494	182
<u>EXPENDITURES</u>				
Current:				
Personnel	268,261	259,483	237,642	21,841
Fringe	34,771	34,090	37,575	(3,485)
Travel	1,772	394	332	62
Operating Services	111,187	112,340	111,491	849
Operating Supplies	32,608	41,564	41,393	171
Other Costs	10,849	10,910	9,639	1,271
Full Service Contracts	264,732	241,806	217,823	23,983
Total Expenditures	724,180	700,587	655,895	44,692
Excess of expenditures over revenues	(668,868)	(645,275)	(600,401)	44,874
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	668,868	645,275	600,401	(44,874)
Transfers out	0	0	0	0
Total other financing sources (uses)	668,868	645,275	600,401	(44,874)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
<u>FUND BALANCE</u>				
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, 2019**

	Budgeted Amounts		Actual	Variance with
	Original (Unamended)	Final (Amended)	Amounts Modified Accrual Basis	Final Budget Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 37,729	\$ 37,729	\$ 37,729	\$ 0
Public Support (Restricted) - Client Contributions	8,300	6,700	6,559	(141)
Total Revenues	46,029	44,429	44,288	(141)
<u>EXPENDITURES</u>				
Current:				
Personnel	51,873	54,953	51,863	3,090
Fringe	6,723	7,220	5,404	1,816
Travel	111	41	48	(7)
Operating Services	9,880	10,654	10,955	(301)
Operating Supplies	686	1,174	895	279
Other Costs	3,187	3,285	3,514	(229)
Meals	48,096	48,651	51,280	(2,629)
Total Expenditures	120,556	125,978	123,959	2,019
Excess of expenditures over revenues	(74,527)	(81,549)	(79,671)	1,878
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	74,527	81,549	79,671	(1,878)
Total other financing sources (uses)	74,527	81,549	79,671	(1,878)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
<u>FUND BALANCE</u>				
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, 2019**

	Budgeted Amounts		Actual	Variance with
	Original (Unamended)	Final (Amended)	Amounts Modified Accrual Basis	Final Budget Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 52,623	\$ 52,623	\$ 52,623	\$ 0
NSIP grant	69,709	69,709	69,709	0
Public Support (Restricted) - Client Contributions	31,000	26,000	24,163	(1,837)
Total Revenues	153,332	148,332	146,495	(1,837)
<u>EXPENDITURES</u>				
Current:				
Personnel	203,757	180,278	173,561	6,717
Fringe	26,410	23,685	18,887	4,798
Travel	398	172	294	(122)
Operating Services	94,131	90,872	88,285	2,587
Operating Supplies	13,251	17,635	15,475	2,160
Other Costs	9,426	9,026	9,954	(928)
Meals	242,984	224,379	222,327	2,052
Total Expenditures	590,357	546,047	528,783	17,264
Excess of expenditures over revenues	(437,025)	(397,715)	(382,288)	15,427
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	437,025	397,715	382,288	(15,427)
Total other financing sources (uses)	437,025	397,715	382,288	(15,427)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
<u>FUND BALANCE</u>				
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, 2019

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 2019 budget was approved at a board meeting on May 17, 2018.

- 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 May 16, 2019, 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.
- 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) Surplus

Management originally budgeted an operating deficit of \$50,857 in the Council's General Fund because some capital expenditures were needed and management typically uses unassigned fund balance carryovers to pay for capital expenditures in succeeding years. During the year as actual data became available, management amended the budget to forecast an operating surplus of \$98,358.

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, 2019**

	Title III D Fund	Title III E Fund	Senior Center Fund	Totals
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 4,104	\$ 16,081	\$ 49,802	\$ 69,987
Total revenues	4,104	16,081	49,802	69,987
<u>EXPENDITURES</u>				
Health, Welfare, & Social Services:				
Current:				
Personnel	0	855	0	855
Fringe	0	209	0	209
Travel	0	0	0	0
Operating Services	0	23	22,727	22,750
Operating Supplies	0	0	10,320	10,320
Other Costs	0	0	1,377	1,377
Full Service Contracts	5,775	46,014	0	51,789
Meals	0	0	0	0
Capital Outlay	0	0	0	0
Total expenditures	5,775	47,101	34,424	87,300
Excess of revenues over (under) expenditures	(1,671)	(31,020)	15,378	(17,313)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	1,671	31,020	0	32,691
Operating transfers out	0	0	(15,378)	(15,378)
Total other financing sources (uses)	1,671	31,020	(15,378)	17,313
Net increase (decrease) in fund balances	0	0	0	0
<u>FUND BALANCE (DEFICIT)</u>				
Beginning of year	0	0	0	0
End of year	\$ 0	\$ 0	\$ 0	\$ 0

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

**St. Charles Council on Aging, Inc.
Hahnville, Louisiana
For the year ended June 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<u>Capital Assets</u>				
Vehicles	\$ 455,445	\$ 128,714	\$ 0	\$ 584,159
Equipment	51,543	8,607	(14,491)	45,659
Leasehold Improvements	347,158	24,600	0	371,758
Total capital assets	\$ 854,146	\$ 161,921	\$ (14,491)	\$ 1,001,576
 <u>Investment in Capital Assets</u>				
Property acquired with funds from:				
DOTD	\$ 1,269	\$ 0	\$ 0	\$ 1,269
FTA	224,200	105,350	0	329,550
General Fund (Local money)	579,077	56,571	(14,491)	621,157
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	\$ 854,146	\$ 161,921	\$ (14,491)	\$ 1,001,576

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, 2019

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

Purpose	Amount
Salary	\$ 66,145.66
Benefits-insurance (health and life)	6,047.76
Benefits-retirement - deferred compensation match	1,920.00
Benefits-other (describe) - FICA, LUTA & Worker's Compensation	6,770.62
Reimbursements for using personal car for Council business	120.72
Travel to conferences	479.00
Registration fees	400.00
Other - Drug Screening	179.00



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, 2019, 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 13, 2019.

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 13, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

St. Charles Council on Aging, Inc.
Hahnville, Louisiana
For the Year Ended June 30, 2019

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, 2019

Financial Statement Findings

The auditor did not report any financial statement findings in his audit of the Council's FY 2018 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, 2019

To the following oversight agencies for audit:

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

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

Audit period: For the year ended June 30, 2019.

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

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

For the Fiscal Period July 1, 2018 through June 30, 2019



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
www.kearnscpa.com



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING THE LOUISIANA LEGISLATIVE AUDITORS' STATEWIDE
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, 2018 through June 30, 2019. The Council's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

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

Findings:

The policy does address this function, including processing, reviewing, and approving.

d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Findings:

The policy does address this function including receiving, recording and preparing deposits. Also, policies and procedures do include management's actions to determine the completeness of all collections for each type of revenue.

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 address this function, including (1) types of services requiring written contracts, (2) standard terms and conditions on procurement contracts for services related to COA Clients (3) legal review, (4) approval process, and (5) monitoring process.

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

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 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.

Findings:

The Employee Policy Manual contains 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 entity'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.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Findings:

The policy does address (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and totals needed to recover operations after a critical event.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained listing of the Council's collection locations.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Findings:

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

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Findings:

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

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Findings:

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

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings:

The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions is not responsible for collecting cash.

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

Findings:

All employees who have access to cash are covered by an insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Findings:

All cash collections are very small donations that are required to be anonymous for the benefit of those receiving services that are not making donations. Therefore, it is not feasible for the Council's policy and procedures to require that a receipt be provided to the donor.

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

Findings:

Traced all collection reports to the deposit slips.

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

Findings:

Traced the deposit slip to the actual deposit per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Findings:

All deposits were made within one business day of the collection.

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

Findings:

Traced the actual deposit per the bank statement to the general ledger.

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

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- b) At least two employees are involved in processing and approving payments to vendors.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

- a) Observe that the disbursement matched the related original invoice/billing statement.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- b) written documentation of the business/public purpose

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

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

For each of the 5 reimbursements selected:

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

Payroll and Personnel

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

Other

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees procedures do not need to be performed in this category.

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

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



T.S. Kearns & Co., CPA
Thibodaux, LA 70301
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