

**Financial Report**

**Livingston Council on Aging  
Denham Springs, Louisiana**

**June 30, 2017**

**Michael R. Choate & Company  
Certified Public Accountants**

**Financial Report**

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Denham Springs, Louisiana  
June 30, 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Livingston Council on Aging  
Denham Springs, Louisiana

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Livingston Council on Aging, Denham Springs, Louisiana, (the Council) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

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

### **Opinions**

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

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 22) and budgetary comparison information (pages 70 through 73) 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### **Other Supplementary Information**

My 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The information in these four 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 20, 2017 on my consideration of the Council's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Baton Rouge, Louisiana  
December 20, 2017

  
Michael R. Choate & Company, CPAs

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Livingston Council on Aging

June 30, 2017

The following discussion and analysis of the Livingston Council on Aging's (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The Council's assets exceeded its liabilities at the close of fiscal year 2017 by \$3,899,031, which is an increase of \$960,764 or 33% from the last fiscal year.
- The Council's revenues, on a modified accrual basis, increased by \$16,723, or about 2%.
- The Council's expenditures, on a modified accrual basis, decreased by \$96,043, or about 6%.
- The Council did not have any deficit fund balances.
- The unassigned fund balance of the General Fund increased by \$480,802.
- Net capital assets increased by \$448,229 this year.
- The Council's major liabilities consisted of accounts payable of \$2,938, payroll related liabilities of \$7,449, credit card charges of \$2,522, and advances from GOEA of \$2,349 for the unused portion of Title IIID funds received for FY17.
- The Council did not have any long-term debt at year-end.
- Administrative expenses increased this year by \$18,628 or about 7% from last year.

### OVERVIEW OF THE FINANCIAL STATEMENTS AND HOW TO USE THESE FINANCIAL STATEMENTS

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Livingston Council on Aging (Continued)

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

The Council's auditor has provided assurance in his independent auditor's report, located immediately before this Management's Discussion and Analysis, 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 it and therefore expresses no opinion on it. Finally, the auditor states in his report that he has applied certain audit procedures to the supplementary financial information presented for purposes of additional analysis by the Governor's Office of Elderly Affairs (GOEA), and a supplementary schedule of compensation, benefits, and other payments made to the Council's executive director as required by Louisiana law, and that this supplementary financial information is fairly stated in all material respects in relation to the financial statements as a whole.

Beginning on page 78 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Livingston Council on Aging (Continued)

#### Government-Wide Financial Statements

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

The Statement of Net Position (Exhibit A) presents all assets and liabilities and the Council's financial position at year-end, whereas the Statement of Activities (Exhibit B) presents information showing how the Council's net position changed during this fiscal year as a result of the Council's activities. In this statement all changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future fiscal periods. The governmental activities of the Council include Health, Welfare, and Social Services, which are comprised of five primary programs that include supportive services, nutritional services, disease prevention and health promotion, family caregiver support, and transportation services for the non-elderly. There is also a line item for *Other Senior Citizen Activities*, which consists of a variety of services that are unrelated to one of the primary programs and individually do not represent very large expenses. Subprogram activities are also presented to help financial statement users analyze the Council's operations in more detail. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity might be classified as a business-type activity. The Council does not have any business-type activities. However, there is one program (non-elderly transportation) where the Council charges a fee for its service, but management does not view this program as a business-type activity because the Council's intent is not to make a profit when providing the service. The Statement of Activities for this program clearly shows the deficit at which it operates despite the fees charged.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Livingston Council on Aging (Continued)

#### Fund Financial Statements

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

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

The general fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Council's general fund receives general revenue primarily from a property tax, some GOEA grants, and public donations. General funds are often transferred to special revenue funds to help pay for expenditures that could not be covered by their primary revenues.

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

The Council has presented the General Fund, Title III B Fund, Title III C-1 Fund, and Title III C-2 Fund as *major* governmental funds. All *nonmajor* governmental funds are presented in one column on the fund financial statements, titled *Nonmajor* Funds. A combining Schedule of Revenues, Expenditures, and Changes in Fund Balance of the nonmajor governmental funds can be found on

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

page 73. Major funds are those whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which management subjectively believes is important to the Council's financial statement users. For FY 2017, management did not subjectively elevate any nonmajor fund to major fund status for purposes of financial statement presentation.

**Notes to the Financial Statements**

The notes provide additional information that should be read to ensure a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 30 and should be read before making assumptions or drawing conclusions about the Council's financial condition.

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

In addition to the basic financial statements, this report also presents certain required supplementary information (RSI) that further explains and supports the information in the financial statements. The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final budgets to actual results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

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

**SUPPLEMENTARY FINANCIAL 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 to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council. (See page 73)

**SUPPLEMENTARY INFORMATION REQUIRED BY STATE LAW**

Act 706 of the 2014 Louisiana Legislative session amended Louisiana Revised Statue 24:513 A (3) to require a supplementary Schedule of Compensation, Reimbursements, Benefits and Other

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Livingston Council on Aging (Continued)

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. (See pages 76 and 77))

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

As noted earlier, net position may serve over time as a useful indicator of the Council's financial position. As of June 30, 2017, assets exceeded liabilities by \$3,899,031, whereas at the end of last year assets exceeded liabilities by \$2,938,267.

#### Condensed Statements of Net Position

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Current and Other Assets:			
Current Assets	\$ 3,084,424	\$ 2,560,780	\$ 523,644
Other Assets	61,317	70,507	(9,190)
Capital Assets, net of depreciation	768,616	320,387	448,229
Total Assets	<u>3,914,357</u>	<u>2,951,674</u>	<u>962,683</u>
Current Liabilities	15,326	13,407	1,919
Total Liabilities	<u>15,326</u>	<u>13,407</u>	<u>1,919</u>
Net Position:			
Net Investment in Capital Assets	768,616	320,387	448,229
Restricted	9,333	9,774	(441)
Unrestricted	3,121,082	2,608,106	512,976
Total Net Position	<u>\$ 3,899,031</u>	<u>\$ 2,938,267</u>	<u>\$ 960,764</u>

**Unrestricted net position** is about 80% and 89% of total net position as of June 30, 2017, and 2016, respectively. Unrestricted net position is important because it provides management the necessary resources to adapt to changes in the economy, emergencies, unexpected needs, and reduction in or termination of grant revenues by governmental agencies.

**Restricted net position** is about .24% and .33% of total net position as of June 30, 2017, and 2016, respectively. Net position is reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
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**Net investment in capital assets** is presented net of any related outstanding debt to acquire them. There is, however, no debt to be subtracted from the Council's capital assets. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps insure that a decrease in the Council's future revenues will not impact its ability to provide a certain level of service to clients and program participants. Net position invested in capital assets equals about 20% and 11% at FY 2017 and 2016, respectively.

**Current assets** increased by \$523,644 this year. At June 30, 2017 about 93% of the Council's current assets are in the form of cash and short-term investments. The Council's cash and short-term investments at June 30, 2017 were \$381,923 more than the corresponding amount at June 30, 2016. Accordingly, the increase in current assets in FY 2017 was primarily related to increases in cash and short-term investments.

**Current liabilities** are comprised of routine accounts payable, credit card charges, and a variety of customary payroll related expenses and withholdings at the end of both years. There are no unusual liabilities that comprise either one of the comparative totals, except for a disputed workman's compensation audit billing of \$5,775 from past years that management believes the Council does not owe. The current liability total for FY 2017 contains \$2,349 of unspent grant revenues due back to GOEA; however, this was not the case for FY 2016.

The table presented below summarizes the revenues and expenses that caused the changes in net position of the Council's governmental activities for FY 2017 and FY 2016, respectively.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
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**AN ANALYSIS OF GOVERNMENTAL ACTIVITIES**

	2017	% of Total	2016	% of Total
<b><u>Revenues</u></b>				
Program Revenues:				
Charges for Services	\$ 3,809	0.20%	\$ 4,107	0.22%
Operating Grants & Contributions	756,470	39.74%	765,261	40.68%
Capital Grants & Contributions	0	0.00%	0	0.00%
General Revenues:				
Property Taxes, net of on-behalf payments	935,929	49.17%	932,805	49.58%
Unrestricted Grants & Contributions	189,714	9.97%	170,784	9.08%
Other General Revenues	17,495	0.92%	8,292	0.44%
<b>Total Revenues</b>	<b>1,903,417</b>	<b>100.00%</b>	<b>1,881,249</b>	<b>100.00%</b>
<b><u>Direct Program Expenses for the Health, Welfare and Social Services Function:</u></b>				
Supportive Services:				
Transportation for the Elderly	389,435	26.28%	444,456	28.51%
Other Supportive Services	186,772	12.60%	193,206	12.39%
Nutrition Services:				
Congregate Meals	319,160	21.54%	291,457	18.69%
Home-delivered Meals	228,697	15.43%	295,759	18.97%
Transportation for the Non-elderly	9,734	0.66%	10,682	0.69%
Family Caregiver Support	33,669	2.27%	36,305	2.33%
Other Social Service Programs	25,724	1.74%	17,079	1.10%
Direct Administrative Expenses	288,767	19.49%	270,139	17.33%
<b>Total Expenses</b>	<b>1,481,958</b>	<b>100.00%</b>	<b>1,559,083</b>	<b>100.00%</b>
<b>Increase (Decrease) in Net Position Before Extraordinary Item</b>	<b>421,459</b>		<b>322,166</b>	
Special Item - Net Gain from the Great Flood	539,305		0	
<b>Increase (Decrease) in Net Position After Extraordinary Item</b>	<b>960,764</b>		<b>322,166</b>	
Net Position Beginning of the Year	2,938,267		2,616,101	
<b>Net Position, End of the Year</b>	<b>\$ 3,899,031</b>		<b>\$ 2,938,267</b>	

Governmental activities increased the Council's overall net position by \$960,764 this year and increased the Council's net position by \$322,166 last year. The increase in net position this year was \$638,598 more than the increase in net position for last year mainly because of the \$539,305 gain from the Great Flood of 2016, which was an extraordinary item. In addition, overall expenses decreased by \$77,125 this year, which contributed to the increase in the Council's net position this year.

**The largest source of revenue** this year was from a local property tax. The actual gross proceeds of the property tax were \$974,318 for this year (\$970,779 for FY 2016). However, the Livingston Parish

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
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Sheriff withheld \$38,389 (\$37,974 for FY 2016) of the gross proceeds to pay for the Council's pro-rata share of various retirement plan expenses for other governmental agencies. As a result, the Council received net property tax proceeds of \$935,929 this year (\$932,805 FY 2016). In the Statement of Activities the net proceeds of the property taxes have been presented as general revenues because this money can be used to benefit any of the Council's programs. In addition, when presenting this source of revenue on Exhibit B, management has elected to offset the gross property tax amount with the amounts kept by the Sheriff rather than include them as a functional or program expense because they are not true functional or program expenses of the Council.

The second largest source of revenue this year is from **operating grants and contributions** of \$756,470 (\$765,261 for FY 2016). The FY 2017 total is comprised of operating grants from GOEA of \$483,628 and the Louisiana Department of Transportation and Development (DOTD) of \$206,747, plus general public contributions of \$66,095. These revenues must be used for the purposes for which they were given or granted to the Council and have been *matched* to the function and program to which they relate on the government-wide Statement of Activities (Exhibit B).

The Council also received program revenues in the form of charges for services. **Charges for services** are derived from cash fares to transport non-elderly persons. Cash fares for FY 2017 were \$3,809 compared to \$4,107 in FY 2016. The decrease in this source of revenue is due to a lower demand for public transportation from people less than 60 years old.

General revenues include **unrestricted operating grants and contributions** of \$284,297 for FY 2017 (\$170,784 for FY 2016). The FY 2017 amount consists of grants from GOEA of \$195,221, other flood recovery grants (\$69,262) plus general public contributions of \$19,814. The FY 2016 amount consists of grants from GOEA of \$166,591 plus general public contributions of \$4,193.

Other general revenues consist solely of **interest income** (\$17,495 for FY 2017 versus \$8,262 for FY 2016). The reason for the large increase in interest income will be discussed later in this M D & A.

The **extraordinary item** is comprised of several items which have been disclosed in the footnotes of the financial statements. The main component relates to a net gain on capital assets (\$539,305) that were destroyed by the Great Flood of 2016. The Council received \$502,820 in insurance proceeds this year for assets destroyed or damaged by the flood. Most of the assets had been fully depreciated so the receipt of such a large amount of insurance produced the large gain. Management determined the Great Flood of 2016 to be an extraordinary event because it was unusual in nature and infrequent in occurrence. Accordingly, it has been separately reported in the Statement of Activities and not as a part of normal operations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
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The expenses in the table on page 11 have been presented by primary programs, with details about significant subprograms. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocations were made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year. 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 primary activities in both years are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Livingston Parish and right now these two services are in the greatest demand. There is also a high demand for in-home type services and services geared to help individuals stay in their homes and remain in the community. These in-home services include chore, personal care, home assistance, and family caregiver type services.

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 program and subprogram services have more expenses than revenues. In other words, the Council's programs and subprograms are not self-supporting. However, on occasion, one might *break even* or even make a slight *profit*. The Council's ability to support all programs and subprograms 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 programs. Without the property tax revenue and the unrestricted grants and contributions, the Council would be unable to provide services at current levels. Furthermore, the general nature of these revenues allows 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.

An indication of how money is used efficiently or inefficiently can be gained by comparing the amount of administration expenses from year to year, as well as calculating the percentage of administration expenses in relation to total expenses. Administration expenses include indirect type costs, which are costs not specifically identified with a particular program but benefit all programs. Administrative expenses this year exceeded last year's by \$18,628. For this year, administrative expenses represented about 19.5% of total expenses whereas last year they were 17.3%. When compared to other councils on aging in Louisiana, both percentages compare favorably because they are much lower than the state-wide average.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**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, an 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 \$3,130,415, an increase of \$520,773 when compared to last year. The unassigned fund balance component of the General Fund was \$3,009,266 and is available for spending at the Council's discretion. The remainder of the General Fund balance is either nonspendable (\$111,816) or restricted for specific purposes (\$9,333). There were no special revenue funds with a fund balance at year-end, which is expected for this type of fund.

**Revenues**

The combined fund revenues increased \$16,723 this year, as shown in the table below.

	FY 2017	% of 2017 Total	FY 2016	% of 2016 Total	Increase (Decrease)
Intergovernmental	\$ 856,666	44.25%	\$ 892,485	46.50%	\$ (35,819)
Property Taxes	974,318	50.33%	970,779	50.58%	3,539
Public Support	83,644	4.32%	43,558	2.27%	40,086
Program Service Fees	3,809	0.20%	4,107	0.21%	(298)
Interest Income	17,495	0.90%	8,262	0.43%	9,233
Miscellaneous	12	0.00%	30	0.00%	(18)
<b>Total Revenues</b>	<b>\$ 1,935,944</b>	<b>100.00%</b>	<b>\$ 1,919,221</b>	<b>100.00%</b>	<b>\$ 16,723</b>

The **intergovernmental revenue** in FY 2017 decreased \$35,819 primarily because the Council received \$51,667 less in Section 5311 grant funds for its rural transportation program. This large decrease was caused by the flood destroying several vehicles that resulted in the Council not being able to transport people as it had done in past years. The Council also received \$12,147 more in NSIP grant funds from GOEA this year, which helped to offset the loss of funds from the Section

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

5311 grant. The increase in **property tax revenue** this year is due to a slight increase in the overall value of the property tax base within Livingston Parish. As the values of the properties increase so do the related property taxes. **Public support** increased by \$40,086 this year primarily because the Council received a \$25,000 grant from Baton Rouge Area Foundation, which was used in the home-delivered meals program, and a \$17,500 donation from Vermeer Equipment, which was used in part to buy coats for seniors and in part for general operations. **Program service fees** decreased this year because of a lower demand for the non-elderly transportation services. **Interest income** increased significantly this year due to the larger balance in the LAMP (money market) account and a slightly higher interest rate.

**Expenditures**

Total expenditures decreased by \$96,043 this year, as shown in the table below.

	% of 2017		% of 2016		Increase (Decrease)	Percent
	2017	Total	2016	Total	Amount	
Personnel	\$ 510,427	32.60%	\$ 567,708	31.23%	\$ (57,281)	-10.09%
Fringe	72,511	4.63%	88,572	4.96%	(16,061)	-18.13%
Travel	0	0.00%	826	0.00%	(826)	-100.00%
Operating Services	234,126	14.95%	240,076	14.05%	(5,950)	-2.48%
Operating Supplies	102,646	6.56%	92,618	6.18%	10,028	10.83%
Other Costs	24,453	1.56%	25,323	1.41%	(870)	-3.44%
Full Service	79,816	5.10%	98,899	5.48%	(19,083)	-19.30%
Meals	337,738	21.57%	398,998	18.92%	(61,260)	-15.35%
Utility Assistance	5,910	0.38%	12,809	0.92%	(6,899)	-53.86%
Capital Outlay	159,806	10.21%	89,824	14.68%	69,982	77.91%
Intergovernmental	38,389	2.45%	46,212	2.17%	(7,823)	-16.93%
	<u>\$ 1,565,822</u>	<u>100.00%</u>	<u>\$ 1,661,865</u>	<u>100.00%</u>	<u>\$ (96,043)</u>	<u>-5.78%</u>

**Personnel** expenditures decreased by \$57,281 this year (about 10%) when compared to last year's total primarily because of the flood. After the flood, the number of hours the employees worked were significantly cut for several months. In addition, several employees did not return to work after the flood and replacing them took anywhere from a few weeks to a few months. Accordingly, the overall payroll is significantly less than the previous year. The Council employs about 25 people at any given time. **Fringe benefit** expenditures decreased this year mainly as a result of personnel expenditures having decreased. Typically, as personnel costs increase or decrease, so do the fringe benefit expenditures. This is primarily due to payroll taxes. The Council had no **travel** expenditures for FY 2017. The Council has an administrative vehicle to allow its employees to attend to Council

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Livingston Council on Aging (Continued)

business rather than having to use their own personal cars. **Operating services** expenditures had a slight decrease this year (\$5,950 overall) and were well within management's expectations. **Operating supplies** expenditures increased this year by \$10,028 primarily due to a significant increase in the purchase of special supplies such as *coats for seniors* and to replace supplies which were lost in the flood. Some of the overall increase in this category was offset by a significant decrease in vehicle fuel and oil costs. Following the flood, the Council's transportation program was unable to operate at pre-flood levels. **Other costs** decreased slightly by \$870 this year and were well within management's expectations. **Full service** expenditures decreased by \$19,083 this year mainly because the Council was not able to provide services at normal levels for several months after the flood. The services that were impacted the most were chore services (\$9,195 decrease) and wellness service (\$6,000 decrease). However, by year-end the Council was operating at levels equal to pre-flood levels. **Meal** expenditures decreased \$61,260 this year because the Council served 1,814 less congregate meals and 762 less home-delivered meals than it served last year. **Utility assistance** costs decreased this year because the Council no longer receives financial assistance from Entergy Corporation which means fewer dollars are available to provide financial assistance in this area of service, plus the demand for assistance was lower this year. **Capital outlay** expenditures, not related to the flood, increased \$69,982 in FY 2017 because the Council acquired the property next door to its Denham Springs senior center for \$123,045 for future expansion. Capital outlay expenditures vary from year to year based on the needs of the Council and are not recurring like the other types of expenditures. So, one year's expenditures may be significant whereas the succeeding year's expenditures may not be very much. **Intergovernmental** expenditures consist solely of amounts the Council has to pay to comply with state law, which requires entities that receive a property tax to pay a share of the retirement costs of various public retirement systems. As the property tax revenue increases, so does this expenditure. The Council has no control over this expenditure.

#### Extraordinary Item

As previously mentioned, the Council has an extraordinary item to report this year as a result of the Great Flood of 2016. The \$144,788 presented on Exhibit D as an extraordinary item represents multiple items that are discussed more specifically in the footnotes to the financial statements. The flood that occurred in August 2016 was caused by prolonged rainfall and was called a "historic, unprecedented flooding event" by Governor Edwards.

#### AN ANALYSIS OF THE GENERAL FUND BUDGET

A schedule presenting the original and amended budgets and the actual results for the General Fund can be found in the *Supplementary Financial Information Required by GASB Statement 34* section of this report on page 65.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

When comparing the amended budget to the actual results, the Council had an overall net unfavorable variance of \$205,711. Some of the noteworthy reasons behind this net unfavorable variance can be summed up as follows:

- The total actual expenditures were \$39,960 more than budgeted. This unfavorable variance was primarily due to the Council overspending (\$26,561) in its anticipated capital outlay expenditures and higher than anticipated personnel expenditures (\$9,969).
- The total actual revenues were \$67,988 more than anticipated. This favorable variance was primarily due to the Council receiving \$64,219 more in property tax revenue than it expected.
- The Council received \$5,863 in insurance proceeds from an accident involving one of its vehicles, which produced a favorable variance. This other source of funding was not anticipated in the amended budget.
- The Council had a \$85,104 favorable variance in transfers out because the special revenue funds did not require as much local money to fund their programs as was originally expected. It is likely that the flood impacted the level of participation and demand for services delivered by the programs accounted for in those funds this year.
- The extraordinary item had an unfavorable variance of \$324,706 primarily because the Council thought it would receive \$366,451 from FEMA when it only received \$28,930. After the budget was amended the Council learned it had to spend a significant amount of money in order to reap the benefits of a particular FEMA flood grant. Accordingly, this misunderstanding of how the program worked caused the large unfavorable variance to occur.

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

The Council had one budget amendment during FY 2017. The main reason for the amendment was because of the impact of the flood on the Council's operations. Overall, the original budget projected an operating deficit of \$206,234 whereas the amended budget projected revenues and other sources to exceed expenditures, other uses, and the extraordinary item by \$726,484. Some of the specific reasons for this change are explained below.

On the revenue side, some of the notable amendments were:

- As a result of the flood affecting the property values in Livingston Parish, the Council expected to receive less property tax money so it decreased its original budget by \$54,901.
- The Council received a \$29,262 disaster relief grant from GOEA, so when the budget was amended, the Council added it in.
- The Council expected to receive \$366,451 in FEMA relief funds and amended the budget to reflect this estimate.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Livingston Council on Aging

(Continued)

- The FTA vehicles originally budgeted for delivery were not received this year, so \$80,000 was removed from revenues.
- The Council was aware of at least one, unusual contribution being received at the time the budget was amended, so it increased the amount of restricted public support by \$23,799.
- The Council anticipated that its interest income would increase because the LAMP interest rate had increased plus it had several months of hindsight that enabled it to see the trend of increasing interest income, so it amended this line item by \$11,195.

On the expenditure and other uses side, the notable amendments were:

- Capital outlays were decreased by \$351,755 to account for the changes in spending and needs as a result of the flood. Originally, the Council was going to expand its Denham Springs senior center and planned on spending \$275,000, but this project was delayed because of the flood. In addition, new vehicle purchases of \$85,000 were decreased to \$21,000 as a result of the flood.
- Transfers out to the special revenue programs were decreased by \$232,327 because the flood caused the Council's programs to be curtailed for several months. General fund money is used to subsidize the costs of the programs operated in the special revenue funds.

The extraordinary item was added to the amended budget after the Council had the flood and knew it would be receiving significant insurance proceeds plus flood related grants and contributions. In addition, it knew that multiple items of capital assets had been bought or were being contemplated for purchase, so it included those purchases in the amended budget. The \$469,494 presented for the extraordinary item represents a combination of these items using the information the Council had available at the time the budget was amended. This extraordinary item helped to produce the large overall increase in fund balance on the amended budget.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

The Council's investment in capital assets for its governmental activities as of June 30, 2017, was \$768,616, whereas the capital asset amount for June 30, 2016 was \$320,387. The details of the Council's investment in capital assets are as set forth in the table below.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Livingston Council on Aging**  
**(Continued)**

**Capital Assets, Net of Depreciation**

	<u>2017</u>	<u>2016</u>	<u>Increase/ (Decrease)</u>
Vehicles	\$ 258,888	\$ 35,451	\$ 223,437
Furniture and equipment	9,954	21,871	(11,917)
Computer equipment	-	3,365	(3,365)
Nutrition equipment	15,156	19,791	(4,635)
Storage building	6,782	7,094	(312)
Leasehold improvements	354,791	232,815	121,976
Land *	<u>123,045</u>	<u>-</u>	<u>123,045</u>
	<u>\$ 768,616</u>	<u>\$ 320,387</u>	<u>\$ 448,229</u>

\* Land is not subject to depreciation whereas the other capital assets are depreciated

The net increase in Capital Assets is a result of the Council acquiring \$618,284 of capital assets during the year, which were offset by annual depreciation of \$106,093 and the net book value (\$63,961) of capital assets destroyed by the flood. The capital asset additions this year were:

- Building repairs due to flooding (\$133,305)
- New vehicle for administrative office use (\$21,000)
- Plans for building expansion (\$15,761)
- Six (6) new transportation vehicles purchased (\$247,540) to replace ones destroyed by the flood
- New truck to deliver meals to home-bound elderly persons (\$53,999)
- Replacement of various equipment items (\$23,634)
- Purchase of property on Myra Ave to expand the Denham Springs senior center, removal of trees on the property and demolition of existing building on property (\$123,045)

At June 30, 2017 the Council on Aging had 10 vehicles in its transportation fleet whereas in 2016 it had 17 vehicles in its transportation fleet. The Livingston Parish Council (LPC) owns 3 of the 10 vehicles used by the Council on Aging. Only the 7 vehicles owned by the Council on Aging are included within the capital asset amounts on the Council on Aging's books. The vehicles owned by the LPC are recorded on the LPC's books. All 10 vehicles were operational at year-end.

The Council also owns a vehicle that is used to deliver meals to home-bound clients. The cost, net of depreciation, of this vehicle is included in the table above. This vehicle was bought during FY17 to replace the two that were flooded in August 2016.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Livingston Council on Aging

(Continued)

Because capital asset acquisitions can require a large outlay of funds, the Council's management carefully considers the needs of the Council and the benefits of the purchase before a decision is made to buy high cost capital assets.

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

### ECONOMIC FACTORS, OTHER CONDITIONS AND NEXT YEAR'S BUDGET

For next year, management has initially budgeted \$2,194,917 in revenues and \$2,570,716 in expenditures for the Council's programs. Accordingly, management has forecasted an excess of expenditures over revenues of \$375,799 for next year. The Council has ample unassigned fund balance within its General Fund to absorb the deficit spending amount. The main reason for this forecasted deficit next year is because the Council has plans to expand its senior center in Denham Springs and pay for the expansion with savings rather than borrow the money.

The Council receives most of its funding from property taxes and federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of services provided by the Council, and therefore, revenues may vary from year-to-year. All of the Council's grants and contracts from the usual federal and state agencies have been awarded for FY 2018 and management is unaware of any significant adverse changes to the funding levels or terms of these grants and contracts, except for the change in how DOTD will compute and reimburse administration expenses under the 5311-transportation grant. Management is not sure how this will impact the Council's revenues in FY 2018 but it expects them to decrease.

The Council's budget for FY 2018 was approved by its board on May 25, 2017. In addition, the Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2018.

### CONTACTING THE COUNCIL'S MANAGEMENT

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Melane Granger, the Executive Director at the Council's main office located at 949 Government Drive, Denham Springs, LA 70726. The phone number for the Livingston Council on Aging is (225) 664-9343.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Exhibit A**

**Statement of Net Position  
Livingston Council on Aging  
Denham Springs, Louisiana  
June 30 , 2017**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Investments	\$ 2,862,784
Receivables:	
GOEA	2,635
Livingston Parish Sheriff - property taxes	4,365
Livingston Parish Council (Section 5311 grant)	108,206
City of Denham Springs	21,000
FEMA	28,930
SBET	4,938
Other receivables	1,067
Prepaid expenses	9,309
Deposits towards the purchase of vehicles	41,190
Total current assets	3,084,424
Capital assets:	
Land	123,045
Other capital assets, net of accumulated depreciation	645,571
Total Capital Assets	768,616
Other Assets - prepaid lease expense	61,317
Total Assets	3,914,357
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts payable	2,938
Accrued expenses and payroll liabilities	7,449
Credit Cards	2,522
Advances from funding agency - GOEA	2,349
Employee flower fund	68
Total current liabilities	15,326
<b><u>NET POSITION</u></b>	
Net investment in capital assets	768,616
Restricted for:	
Utility Assistance	7,382
Veteran Gift Baskets	321
Ceramic Activities	1,460
Stocking Stuffers	170
Unrestricted	3,121,082
Total Net Position	\$ 3,899,031

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

**Statement of Activities**  
**Livingston Council on Aging**  
**Denham Springs, Louisiana**  
**For the year ended June 30, 2017**

Functions/Programs	Program Revenues					Net (Expense) Revenue and Increase (Decrease) in Net Position
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental Activities</b>						
<b>Health, Welfare &amp; Social Services:</b>						
Supportive Services:						
Transportation of the elderly	\$ 389,435	\$ 120,145	\$ 0	\$ 291,108	\$ 0	\$ (218,472)
Chore	18,984	0	0	4,292	0	(14,692)
Personal Care	16,252	5,315	0	3,674	0	(17,893)
Legal	5,670	0	0	4,574	0	(1,096)
Information and Assistance	7,314	2,673	0	1,654	0	(8,333)
Outreach	5,176	1,892	0	1,170	0	(5,898)
Recreation	115,715	43,853	0	0	0	(159,568)
Material Aid	3,269	1,195	0	739	0	(3,725)
Home Assistance	3,812	10	0	862	0	(2,960)
Wellness	3,790	1,444	0	0	0	(5,234)
Utility Assistance	6,790	322	0	199	0	(6,913)
Transportation Services - non elderly:						
General Public	9,734	3,102	3,809	3,568	0	(5,459)
Nutrition Services:						
Congregate Meals	319,160	54,105	0	201,466	0	(171,799)
Home Delivered Meals	228,697	15,667	0	151,692	0	(92,672)
Disease Prevention and Health Promotion	3,000	0	0	3,000	0	0
Family Caregiver Support	33,669	721	0	34,319	0	(71)
Other Senior Citizen Activities	22,724	0	0	15,830	0	(6,894)
<b>Administration</b>	<b>288,767</b>	<b>(250,444)</b>	<b>0</b>	<b>38,323</b>	<b>0</b>	<b>0</b>
<b>Total governmental activities</b>	<b>\$ 1,481,958</b>	<b>\$ 0</b>	<b>\$ 3,809</b>	<b>\$ 756,470</b>	<b>\$ 0</b>	<b>\$ (721,679)</b>

<b>General Revenues:</b>	
Property taxes, net of \$38,389 for on-behalf payments	935,929
Grants and contributions not restricted to specific programs	189,714
Interest Income	17,495
<b>Total General Revenues</b>	<b>1,143,138</b>
<b>Extraordinary Item:</b>	
Net Gain from the Great Flood of 2016	539,305
<b>Total Extraordinary Item</b>	<b>539,305</b>
<b>Total General Revenues and Extraordinary Item</b>	<b>1,682,443</b>
<b>Increase (Decrease) in Net Position</b>	<b>960,764</b>
<b>Net Position - Beginning of the Year</b>	<b>2,938,267</b>
<b>Net Position - End of the Year</b>	<b>\$ 3,899,031</b>

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

**FUND FINANCIAL STATEMENTS**

**Fund Balance Sheet**  
**Governmental Funds**  
**Livingston Council on Aging**  
**Denham Springs, Louisiana**  
**June 30 , 2017**

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Investments	\$ 2,859,672	\$ 0	\$ 428	\$ 335	\$ 2,349	\$ 2,862,784
Receivables:						
GOEA	0	0	0	0	2,635	2,635
Livingston Parish Sheriff - property taxes	4,365	0	0	0	0	4,365
Livingston Parish Council (Section 5311 grant)	1,872	106,334	0	0	0	108,206
City of Denham Springs	21,000	0	0	0	0	21,000
FEMA	28,930	0	0	0	0	28,930
SBET	4,938	0	0	0	0	4,938
Other receivables	1,067	0	0	0	0	1,067
Prepaid expenditures	70,626	0	0	0	0	70,626
Deposits towards the purchase of vehicles	41,190	0	0	0	0	41,190
Due from other governmental funds	106,193	0	0	0	0	106,193
<b>Total Assets</b>	<b>\$ 3,139,853</b>	<b>\$ 106,334</b>	<b>\$ 428</b>	<b>\$ 335</b>	<b>\$ 4,984</b>	<b>\$ 3,251,934</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	588	2,100	26	224	0	2,938
Accrued expenses and payroll liabilities	6,260	675	402	111	1	7,449
Credit Cards	2,522	0	0	0	0	2,522
Advances from funding agency - GOEA	0	0	0	0	2,349	2,349
Employee flower fund	68	0	0	0	0	68
Due to other governmental funds	0	103,559	0	0	2,634	106,193
<b>Total Liabilities</b>	<b>9,438</b>	<b>106,334</b>	<b>428</b>	<b>335</b>	<b>4,984</b>	<b>121,519</b>
<b>Fund Balances</b>						
<b>Nonspendable</b>						
Prepaid expenditures	70,626	0	0	0	0	70,626
Deposits towards the purchase of vehicles	41,190	0	0	0	0	41,190
<b>Restricted for:</b>						
Utility assistance	7,382	0	0	0	0	7,382
Veteran gift baskets	321	0	0	0	0	321
Ceramic activities	1,460	0	0	0	0	1,460
Stocking stuffers	170	0	0	0	0	170
Unassigned	3,009,266	0	0	0	0	3,009,266
<b>Total Fund Balances</b>	<b>3,130,415</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,130,415</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,139,853</b>	<b>\$ 106,334</b>	<b>\$ 428</b>	<b>\$ 335</b>	<b>\$ 4,984</b>	

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

- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds

768,616

**Net Position of Governmental Activities**

**\$ 3,899,031**

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**

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2017**

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 204,613	\$ 102,315	\$ 184,170	\$ 121,502	\$ 37,319	\$ 649,919
Livingston Parish Council - 5311 grant	3,568	203,179	0	0	0	206,747
Property Taxes	974,318	0	0	0	0	974,318
Public Support - Restricted	15,831	2,779	17,296	30,190	0	66,096
Public Support - Unrestricted	17,548	0	0	0	0	17,548
Program Service Fees - transportation services	3,809	0	0	0	0	3,809
Interest Income	17,495	0	0	0	0	17,495
Miscellaneous	12	0	0	0	0	12
Total revenues	<u>1,237,194</u>	<u>308,273</u>	<u>201,466</u>	<u>151,692</u>	<u>37,319</u>	<u>1,935,944</u>
<b>EXPENDITURES</b>						
Health, Welfare, & Social Services:						
Current:						
Personnel	128,697	245,345	102,983	32,291	1,111	510,427
Fringe	17,632	32,115	17,599	5,047	118	72,511
Travel	0	0	0	0	0	0
Operating Services	44,017	130,947	46,478	12,435	249	234,126
Operating Supplies	32,014	43,850	21,824	4,900	58	102,646
Other Costs	9,345	11,618	1,906	569	1,015	24,453
Full Service	0	44,448	500	100	34,768	79,816
Meals	0	0	170,867	166,871	0	337,738
Utility Assistance	5,910	0	0	0	0	5,910
Capital Outlay	159,806	0	0	0	0	159,806
Intergovernmental	38,389	0	0	0	0	38,389
Total expenditures	<u>435,810</u>	<u>508,323</u>	<u>362,157</u>	<u>222,213</u>	<u>37,319</u>	<u>1,565,822</u>
Excess of revenues over (under) expenditures	<u>801,384</u>	<u>(200,050)</u>	<u>(160,691)</u>	<u>(70,521)</u>	<u>0</u>	<u>370,122</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Insurance proceeds from vehicle accident	5,863	0	0	0	0	5,863
Operating transfers in	0	200,050	160,691	70,521	0	431,262
Operating transfers out	(431,262)	0	0	0	0	(431,262)
Total other financing sources (uses)	<u>(425,399)</u>	<u>200,050</u>	<u>160,691</u>	<u>70,521</u>	<u>0</u>	<u>5,863</u>
<b>EXTRAORDINARY ITEM</b>						
Revenue, other sources, and expenditures relating to the Great Flood of 2016	144,788	0	0	0	0	144,788
Total extraordinary item	<u>144,788</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>144,788</u>
Net increase (decrease) in fund balances	520,773	0	0	0	0	520,773
<b>FUND BALANCE (DEFICIT)</b>						
Beginning of year	2,609,642	0	0	0	0	2,609,642
End of year	<u>\$ 3,130,415</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,130,415</u>

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

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

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2017**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$ 520,773
Governmental funds report the amounts the Council expends as local <i>matching</i> funds on capital assistance grants, which result in another government obtaining title to the capital assets acquired under the grants, as intergovernmental expenditures. However, because the Council gets to use the capital assets in lieu of having paid the required local match, the Council records the amounts it paid in the Statement of Net Assets as a prepaid expense, which will be amortized over the estimated useful lives of the capital assets. This reconciling amount represents the amount by which the current year's amortization expense (\$8,238) exceeded intergovernmental expenditures relating to <i>matching</i> payments (\$0).	(8,238)
When capital assets are sold, written-off, or disposed of, there could be a gain or loss on the disposition, which is included within the Statement of Activities. However, governmental funds do not present gains or losses on the disposition of capital assets because they do not represent inflows or outflows of financial resources. This reconciling item represents the book value remaining at the time several capital assets were written off due to the casualty losses that resulted from the Great Flood of 2016.	(63,961)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling amount is the amount by which capital outlays (\$618,284) exceeded depreciation (\$106,093) in the current year.	512,191
Rounding amount required to balance the reconciliation	(1)
Increase (Decrease) of Net Position of Governmental Activities	<u>\$ 960,764</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

Livingston Council on Aging  
Denham Springs, Louisiana  
June 30, 2017

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

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

The primary services provided by the Council to the elderly residents of Livingston Parish include transportation, chore, personal care, legal assistance, information and assistance, outreach, recreation, material aid, home assistance, wellness, utility assistance, congregate and home delivered meals, family caregiver support, and

disease prevention and health promotion. The Council also provides transportation services to the general public (no age restrictions).

**b. Reporting Entity**

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

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

The Livingston Council on Aging (the Council) is a non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on June 26, 1973, and subsequently incorporated on October 22, 1973, under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

Membership in the Council is open at all times, without restriction, to all residents of Livingston 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.

A board of directors, consisting of 13 voluntary members, who serve three-year terms, governs the Council. Each member may serve no more than two consecutive terms. Any board member who has served two consecutive terms is ineligible to serve on the board of directors for one year. Reasonable efforts are made to maintain a board of directors whose composition will be representative of the population of Livingston Parish. 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 Livingston Council on Aging (the Council) works with the Livingston Parish Council (the Parish) in carrying out some social programs throughout Livingston Parish, but 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 the Council any direct funding for its programs and it does not assume any specific financial burdens of the Council. However, the Parish does support the Council by allowing the Council to use vans owned by the Parish for no charge and the Parish acts as the pass-through agency for transportation related grants that help fund the Council's elderly and nonelderly transportation programs. As a result, the Livingston Council on Aging is not a component unit of the Livingston 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.

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

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

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

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

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

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

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

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

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

### Local Programs and Funding

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be

used at the Council's discretion. Property tax revenues represent the largest component of the Council's local funding. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditure, are recorded in the local program. Because most local funds are unrestricted, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues. In addition, capital outlay expenditures are usually made with local funds to minimize restrictions on the use and disposition of fixed assets.

#### PCOA Funding

Parish Council on Aging (PCOA) funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these funds at its discretion in any program provided the program is benefiting people who are at least 60 years old. In FY 2017, the Council received this grant money into its General Fund and management transferred \$47,535 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 help pay for the costs of administering the Council's special programs for the aging. This year GOEA granted the Council \$38,323 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. In addition, due to program restrictions, administrative costs are not allocated to certain funds and programs.

#### Senior Center and Supplemental Senior Center Funding

The Senior Center and Supplemental Senior Center grant funds are appropriated annually for the Council and remitted to the Council by GOEA. These grant funds can be used at management's discretion to pay for *congregate* related social services of any program involving elderly persons who are at least 60 years old. Accordingly, these funds are initially received by the Council's General Fund. To obtain supportive services and participate in activities which foster their independence, enhance their

dignity, and encourage their involvement in and with the community, the elderly person will come to a *senior center*. The main senior center for Livingston Parish is located in Denham Springs. Other centers, which are primarily congregate meal sites, are located in Livingston, Springfield, and Maurepas. During the year, management received Senior Center (\$107,953), Supplemental Senior Center (\$2,990) and Supplemental Senior Center 2 (\$7,812.50) grant funds and transferred \$58,765.50 to the Title III B Fund and \$59,990 to the Title III C-1 Fund to subsidize their cost of providing congregate social services to elderly persons who use the centers.

#### Transportation Program Services - Non-elderly

The Council provides various transportation services to the residents of Livingston Parish who are not 60 years old for a fee. The fee ranges from \$5.00 to \$8.00 per one-way trip and is based on whether the trip is in the parish or out of the parish. The Council is able to provide this service at low fees because the cost of each ride is subsidized partly by a federal rural transportation grant administered by DOTD and partly by other General Fund revenues. The revenues and their related costs are accounted for within the *Nonelderly Transportation* program of the General Fund. In contrast, transportation services provided to residents who are at least 60 years old are accounted for in the *Elderly Transportation* program of the Title III B Fund.

#### Utility Assistance

In past years, the Council participated in utility assistance programs that were sponsored by local utility companies. However, the Council does not receive funds from the utility companies any more. For this year, the Council had some unspent funds from these programs that had not been used to assist those who qualified for utility assistance. Accordingly, it decided to continue to provide utility assistance to use the remaining funds until they become exhausted.

No indirect or administration expenses are paid for with restricted donations intended for utility assistance. Only direct financial aid is permitted with these funds. During the year, the Council was able to provide 80 units of service to 45 different people with these funds. The Council's general policy is to provide utility assistance up to \$200 three times per eligible person per year. Emergencies or unusual circumstances may permit additional assistance.

**Recreation and Wellness Services**

**Recreation services** consists of bingo and special events (Fun Day, Veteran's Day, Christmas and Easter Party, Mother's and Father's Day, Valentine's Day, etc).

**Wellness services** consists of exercise classes provided by the center employees to the seniors in attendance, blood pressure checks and occasionally speakers will come in to discuss current health related issues.

**Special Revenue Funds**

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

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

**Major Governmental Funds:**

**Title III B Fund**

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

<u>Types of Services Provided</u>	<u>Units</u>
Assisted Transportation	316
Chore	269
Home Repair	28
Information and Assistance	570
Legal	91.85
Material Aid	1,854
Outreach	214
Transportation for people age 60 or older	21,581
Personal Care	970
Utility Assistance	80

There are three main sources of revenues that form the basis of this fund as follows:

- A grant from GOEA for *Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers* (\$102,315).
- A grant from the Louisiana Department of Transportation and Development (DOTD) which is passed through the Livingston Parish Council (LPC) to the Council for rural transportation services. This grant is commonly referred to as *Section 5311* and reimburses the Council 50% of the cost of providing rural transportation services. The Council applied \$203,179 of its reimbursements under this grant to pay rural transportation costs for elderly riders.
- Restricted, voluntary public support (\$2,779) from persons who actually received elderly transportation services.

#### Title III C-1 Fund

The Title III C-1 Fund accounts for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Livingston Parish. The Council maintains congregate meal sites in Denham Springs, Maurepas, Livingston, and Springfield. During the year, the Council reported to GOEA that it provided 45,689 meals and 159 units of nutrition education to eligible participants.

There were three main sources of revenues received this year that form the basis of this fund:

- A grant from GOEA for *Special Programs for the Aging Title III, Part C-1 Nutrition Services* (\$149,610).
- Restricted, voluntary public support (\$17,296) from those persons who received congregate meals services and other donors.

- *Nutrition Services Incentive Program* (NSIP) funds (\$34,560) provided by GOEA to supplement the congregate meals program. Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.

### Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals and nutrition education to homebound people who are age 60 or older. During the year the Council reported to GOEA that it provided 48,762 home-delivered meals to eligible participants.

There were four main sources of revenues received this year that form the basis of this fund:

- A grant from GOEA for *Special Programs for the Aging Title III, Part C-2 Nutrition Services* (\$86,943).
- Restricted, voluntary public support (\$5,190) from those persons who received home-delivered meals.
- *Nutrition Services Incentive Program* (NSIP) funds (\$34,559) provided by GOEA to supplement the home-delivered meals program. Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.
- A grant from the Baton Rouge Area Foundation's Louisiana Flood Relief Fund (\$25,000) to help the Livingston COA provide nutritious meals to the elderly.

### Nonmajor Governmental Funds:

#### Title III D Fund

The Title III D Fund accounts for funds used for disease prevention and health promotion activities, which includes medication management services. During the year, the Council reported to GOEA that it provided 161 units of wellness services to eligible participants. The main source of the revenue forming the basis for this fund is a grant (\$3,000) the Council received from GOEA for *Title III, Part D Disease Prevention and Health Promotion Services*.

#### Title III E Fund

The Title III E Fund is used to account for funds relating to the National Family Caregiver Support program, which is designed to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who

are relative caregivers. During the year, the Council reported to GOEA that it provided 22 units of information and assistance, 1,694 units of in-home respite, 259 units of material aid, and 182 units of public education to eligible participants. The main source of the revenue forming the basis for this fund is a grant (\$34,319) 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 government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

**e. Interfund Activity**

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

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

**f. Cash**

Cash includes not only currency on hand, but also 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 has presented restricted cash as a component of current assets in the Statement of Net Position because it is available for use in current operations.

**g. Receivables**

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

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

**h. Investments**

GASB Statement 31 requires the Council to report its investments at fair value in the balance sheet, except for investments in *non-participating* interest-earning contracts, such as, non-negotiable certificates of deposit with redemption terms that do not

consider market rates. This type of investment is reported using a cost-based measure, provided that the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors. The Council did not have investments of this type at the end of the fiscal year.

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

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

**i. Prepaid Expenses/Expenditures**

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

are consumed. As a result, the prepaid expenditures are shown as an asset on the Balance Sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been classified as nonspendable to reflect the amount of fund balance not currently available for expenditure

**j. Capital Assets**

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

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

**Government-Wide Financial Statements**

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

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

of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment - other than computers	6 to 10 years
Furniture	10 years
Vehicles	5 years
Computer equipment	5 years
Leasehold improvements & storage building	20 years

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

#### Fund Financial Statements

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

#### **k. Non-Current (Long-term) Liabilities**

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

#### **l. Unpaid Compensated Absences**

The Council's annual and sick leave policy requires employees to consume any annual or sick leave they might earn within the Council's fiscal year. In other words, an employee must *use or lose* any earned leave on or before June 30<sup>th</sup> of every year. As a result, the Council has not accrued a liability for any unused leave in these financial statements.

The Council's management has this policy to minimize the Council's exposure to a liability for which the Council may not have the funds to pay.

**m. 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 \$2,349 in advances from GOEA for the unused portion of the Title IIID grant funds which were subsequently returned to GOEA in July 2017.

**n. Deferred Revenue Other Than Property Taxes**

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

**o. Deferred Property Tax Revenue**

Deferred property tax revenues arise when property taxes are expected to be received but not within 60 days after the end of the Council's fiscal year in which the taxes are levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Position, because the related revenues are recognized in the Statement of Activities using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized. The Council did not present any amounts this year as deferred property tax revenue because management believes little, if any, property tax revenue will be collected after August 31, 2017 for the 2016 property tax assessment.

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

Deferred outflows represent the consumption of the Council's net position that is applicable to a future reporting period. Deferred inflows represent the acquisition of net position that is applicable to a future reporting period. The Council did not have

any deferred outflows or inflows of resources to report in any of its financial statements this year.

**q. Net Position in the Government-wide Financial Statements**

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

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

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

**r. Fund Equity – Fund Financial Statements**

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

- *Nonspendable*: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures and vehicle purchase deposits as being nonspendable because these items are not expected to be converted to cash.

- *Restricted*: This classification includes amounts for which constraints have been placed on the use of resources and are either:
  - Externally imposed by creditors (such as through debt covenants), grantors contributors, or laws or regulations of other governments, or
  - Imposed by law through constitutional provisions or enabling legislation.
- *Committed*: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year-end.
- *Assigned*: This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose. The Council did not have any assigned fund balance as of year-end.
- *Unassigned*: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

**s. 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.

**t. Allocation of Indirect Expenses**

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct costs of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant or contract restrictions.

**u. Elimination and Reclassifications**

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

**v. 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 the control of management does not necessarily mean that management did control the transaction. It simply means that management could control it. Special items, if applicable, will be reported separately in both the government-wide statement of activities and the governmental fund statements of revenues, expenditures, and changes in fund balances. However, the Council did not have any special items this year.

**w. Extraordinary Item**

According to GASB Statement 62 extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. On August 12, 2016 a "1000 Year Flood" occurred and inflicted severe and significant damages to the properties in Livingston Parish and surrounding areas. According to the National Weather Service Hydrometeorological Design Studies Center, the amount of rainfall in the hardest-hit locations, which included Livingston Parish, had less than a .1 percent chance of happening or was a (less than) 1-in-1,000-year event. In addition, the flood has been called the worst US natural disaster since Hurricane sandy in 2012. Accordingly, the Council has presented an extraordinary item in exhibits B and D this year to show the effects separately from its usual operations. See Note 22 for more details concerning the extraordinary item.

**Note 2 - Revenue Recognition**

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

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

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

The Council receives funds from a ten-year property tax that was renewed by the voters of Livingston Parish on April 6, 2013 to specifically provide money to finance the Council's operations. The tax is based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1<sup>st</sup> day of January is used as the date to value the property subject to tax and make the annual assessment. Note that the tax will be assessed through calendar year 2023 unless the voters renew it again.

The gross assessed value as of January 1, 2016, of the certified roll was \$733,708,115. After applying homestead exemptions of \$239,288,703 the net assessed value upon which the Council's property tax was computed was \$494,419,412. Two mills is the maximum amount the Council may legally elect to assess property owners each year. The Council's

board of directors elected to have the Parish assess 2 mills for tax year 2016. Accordingly, management's estimate of the gross amount of property tax revenue for this fiscal year was \$988,841. 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 \$974,512. In addition, the Council had \$194 for refunds of prior year property taxes. As a result, the adjusted property tax revenue presented in this year's financial statements is \$974,318.

Property taxes become due in November 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 Livingston Parish Sheriff (the Sheriff) acts as the collection agent for the Parish's property taxes. The Sheriff holds a *tax sale* each year to collect as much of the unpaid taxes as possible. The tax sale date for Livingston Parish for the 2016 tax assessment was June 14, 2017, and the tax liens were recorded on June 21, 2017.

For the fund financial statements, property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed (November of each year). As the Sheriff collects the taxes, he forwards them to the Council on Aging where they are recorded as revenues in accordance with the modified accrual basis of accounting. The Council also accrues as current year revenues any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. Accordingly, property tax collections during July and August 2017 were accrued as this year's revenues. The Council did not present any amounts this year as deferred property tax revenue because management estimates this amount only to be about \$1,000, 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 (\$974,318) on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) have not been reduced by \$38,389 withheld by the Sheriff for *on-behalf payments for fringe benefits*, which represent the Council's pro rata share of retirement plan contributions for other government agencies. Instead, the \$38,389 has been presented as intergovernmental expenditures on Exhibit D. In contrast, on the government-wide Statement of Activities (Exhibit B), property tax revenues of \$935,929 have been reduced by the on-behalf payments and presented as general revenues. Also see Note 12 to these financial statements.

**Note 4 - Cash Management, Deposits and Investments**

The Council maintains a consolidated bank account at Whitney Bank to deposit money received and to pay bills. The consolidated bank account is available for use by all funds. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash balances to temporarily cover any negative cash balances in other funds.

At year-end, only \$250,000 the Council's balance at Whitney Bank was secured by FDIC insurance, whereas the amount greater than \$250,000 was unsecured and uncollateralized exposing it to credit risks. Under current banking law, only the first \$250,000 of deposits at each bank are covered by FDIC insurance. The Council's policy is to follow state law, which requires bank balances to be fully covered with FDIC insurance or properly collateralized. However, at year-end the bank failed to provide the required collateral for the amount over \$250,000.

The Council also maintains petty cash of \$1,050 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 operating needs and to maximize its revenues, the Council's management will invest the excess cash. In addition, to protect the 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, the Council's management invested its excess cash in the Louisiana Asset Management Pool (LAMP). This type of investment complies with state law and the Council's investment policy.

LAMP is an external investment pool established as a cooperative endeavor to enable public entities in the State of Louisiana an opportunity to combine their funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under Louisiana law. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is

to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

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

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

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

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

<u>Cash &amp; Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:					
Whitney Bank	\$ 663,896	\$ 663,896	None	Demand	* See Note Below
Petty Cash/Cash on Hand	7,499	7,499	None	N/A	None
Total Cash	<u>671,395</u>	<u>671,395</u>			
Investments:					
LAMP	2,191,389	2,191,389	1.03%	Demand	Not Applicable
Total Investments	<u>2,191,389</u>	<u>2,191,389</u>			
Total Cash & Investments	<u>\$ 2,862,784</u>	<u>\$ 2,862,784</u>			
Unrestricted Purpose	\$ 2,853,451				
Restricted Purpose:					
Ceramic Activities	1,460				
Veterans Gift Baskets	321				
Stocking Stuffers	170				
Utility Assistance	7,382				
Total Restricted Purpose	<u>9,333</u>				
Total Cash & Investments	<u>\$ 2,862,784</u>				

\* Note: Only \$250,00 of the cash on deposit at Whitney Bank is covered by FDIC insurance. The remaining balance is unsecured and uncollateralized, which exposes it to credit risks.

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

**Note 5 - Prepaid Expenditures and Expenses**

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

Prepaid rent of Denham Springs senior center	\$ 63,917 (see Note 17)
Training classes	687
Insurance premiums	<u>6,022</u>
Total prepaid expenditures	<u>\$ 70,626</u>

**Exhibit F (Continued)**

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

	Current Portion	Noncurrent Portion
Rent of Denham Springs senior center	\$ 2,600	\$ 61,317
Training classes	687	-
Insurance premiums	6,022	-
Total prepaid expenses	\$ 9,309	\$ 61,317

The current portion of prepaid expenses represents the amounts that management expects the Livingston Council on Aging to consume and economically benefit from in the next fiscal year. The noncurrent portions represent the amounts that will be amortized in future years based on leases or agreements that the Livingston Council on Aging has in effect with the City of Denham Springs for the use of the Denham Springs senior center.

The difference, if any, between prepaid expenditures and prepaid expenses arises from transactions wherein the Livingston Council on Aging paid the required *matching funds* under capital assistance grants the Livingston Parish Council (the Parish) entered into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles. The vehicles are titled in the name of the Parish but the Livingston Council on Aging uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the Livingston Council on Aging expends as *matching funds* are first recorded as a deposit in its fund Balance Sheet when the funds are remitted to DOTD. Upon delivery of the vehicles to the Livingston Council on Aging, the deposits are reversed as intergovernmental expenditures in the Council's fund financial statements. However, in the government-wide statements, the *matching funds* are classified as prepaid expenses and amortized over the estimated useful lives of the vehicles (100,000 miles - approximately 60 months). The Council's management believes presenting the matching transactions in this manner in the government-wide financial statements best presents the economics of the transactions. No written lease exists between the Parish and the Livingston Council on Aging that sets forth the terms of the agreement to use the Parish's vehicles. However, the Parish and the Council have used this type of cooperative agreement to provide public transportation to the residents of Livingston Parish for many years.

**Note 6 - Changes in Capital Assets and Accumulated Depreciation**

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

Capital Assets	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Vehicles	\$ 158,676	\$ 322,539	\$ (111,664)	\$ 369,551
Furniture & equipment	50,245	10,838	(48,252)	12,831
Computer equipment	6,489	0	(5,608)	881
Health maintenance equipment	1,995	0	(1,995)	0
Nutrition equipment	28,016	12,796	(21,323)	19,489
Storage buildings	10,979	0	0	10,979
Land *	0	123,045	0	123,045
Leasehold improvements	268,482	149,066	(10,189)	407,359
<b>Total capital assets</b>	<b>524,882</b>	<b>618,284</b>	<b>(199,031)</b>	<b>944,135</b>
Less Accumulated Depreciation:				
Vehicles	123,225	77,471	(90,033)	110,663
Furniture & equipment	28,374	3,792	(29,289)	2,877
Computer equipment	3,124	1,122	(3,365)	881
Health maintenance equipment	1,995	0	(1,995)	0
Nutrition equipment	8,225	3,948	(7,840)	4,333
Storage building	3,648	549	0	4,197
Land *	0	0	0	0
Leasehold improvements	35,904	19,211	(2,547)	52,568
<b>Total Accumulated Depreciation</b>	<b>204,495</b>	<b>106,093</b>	<b>(135,069)</b>	<b>175,519</b>
<b>Capital Assets, Net of Depreciation</b>	<b>\$ 320,387</b>	<b>\$ 512,191</b>	<b>\$ (63,962)</b>	<b>\$ 768,616</b>

Note: \* Land is not subject to depreciation

None of the above amounts include any donated asset. The Council's management has reviewed the capital assets and does not believe any capital assets are impaired or totally unusable as of year-end.

During FY 2017 the Council had to replace a significant amount of capital assets destroyed by the Great Flood of 2016. As a result, \$458,478 of the \$618,284 of capital asset additions were replacement additions. See Note 22 on page 63.

Depreciation was charged to governmental activities as follows:

Administration	\$ 25,320
Supportive Services:	
Transportation of the elderly	52,768
Recreation	499
Nutrition Services:	
Congregate meals	5,640
Home-delivered meals	20,566
Transportation Services:	
Nonelderly - general public	<u>1,300</u>
Total depreciation expense for governmental activities	<u>\$ 106,093</u>

The \$25,320 of depreciation associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the Administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The other depreciation amounts (\$80,773) are charged as direct expenses to their related programs on the Statement of Activities.

**Note 7 - Fund Balances - Fund Financial Statements**

At year-end, none of the special revenue funds have a fund balance. 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 General Fund has \$9,333 of restricted funds to be used specifically for Gift Baskets for Veterans (\$321), Stocking Stuffers (\$170), Utility Assistance (\$7,382), and Ceramic Activities (\$1,460).

**Note 8 - In-Kind Contributions**

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

contributions) in the fund financial statements because of the measurement focus of such statements.

The Council received in-kind contributions relating to the use of facilities in Maurepas, Springfield, Denham Springs, and Livingston. The donors have valued their donations and furnished the information to the Council's management. A summary of the in-kind contributions and their estimated values are as follows:

Facility rentals	\$ 63,471
Utilities for facilities	14,059
Telephone	3,855
Garbage pickup	2,877
Insurance	10,931
Maintenance and repairs	23,229
Total	<u>\$ 118,422</u>

If these in-kind contributions had been recorded in the Statement of Activities their allocation would have been \$17,043 for Administration and \$101,379 for Nutrition Services - Congregate Meals.

The Livingston Council on Aging (COA) also received in-kind support for its transportation programs from the Livingston Parish Council (LPC) because the LPC made fifteen vehicles available for the COA to use at no charge. The vehicles owned by the LPC were all acquired by the LPC under capital assistance grants for the elderly and disabled persons wherein the federal government paid 80% or 100% of the vehicle's cost. The LPC allowed the COA to use the vehicles at no charge as long as the COA paid for all the insurance, fuel and maintenance costs. Therefore, the COA received an in-kind contribution from the LPC for the use of the vehicles owned by the LPC. Management has estimated the in-kind use of the LPC's vehicles to be \$8,023 for the fiscal year. The estimate was derived by first determining the amount the federal government paid for each vehicle. Then, the amount of federal payment for each vehicle was amortized from the date at which the COA began using each vehicle using 100,000 miles (approximately 60-month) estimated useful life. The amount of amortization for the period July 1, 2016 through June 30, 2017 was deemed to be the value of the LPC's in-kind contribution for vehicle usage. If the in-kind contribution for the vehicles had been recorded in the Statement of Activities, the allocation amongst the COA's transportation programs would have been \$7,700 for Elderly Transportation and \$323 for Nonelderly Transportation. In August 2016

twelve of the fifteen vehicles owned by the LPC but used by the COA were completely destroyed by a flood, so the COA only had use of twelve vehicles for about 6 weeks in this fiscal year.

**Note 9 - Retirement Plan**

The Council does not participate in or offer any type of retirement plan to its employees.

**Note 10 - Board of Directors' Compensation**

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

**Note 11 - Income Tax Status**

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

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

**Note 12 - 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 \$37,974 that was withheld by the Livingston 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 \$37,974 withheld by the Sheriff has been included as part of *intergovernmental* expenditures of the General Fund on Exhibit D.

The following list presents the retirement systems that were funded by \$38,389 of the Council's property tax revenues in FY 2017:

Assessor's Retirement Fund	\$ 4,972
Clerk's of Court Retirement & Relief Fund	3,350
District Attorney's Retirement System	2,434
Municipal Employees' Retirement System	3,350
Parochial Employees' Retirement System	3,349
Registrar of Voters Employees' Retirement System	837
Sheriffs' Pension & Relief Fund	6,699
Teachers' Retirement System	13,398
Total	<u>\$ 38,389</u>

**Note 13 - Judgments, Claims, and Contingent Liabilities**

As of the end of this fiscal year, the Council's management has no knowledge of any pending litigation, unresolved lawsuits, or claims against the Council, except for a disputed amount (\$5,775) owed on a workman's compensation policy for the period July 1, 2013 through November 18, 2013. The reason for the dispute is that the workman's compensation auditor used worker class codes that are not consistent with those customarily used for councils on aging in Louisiana. The Council's management has appealed the use of the incorrect worker codes but the workman's compensation insurer has not yet evaluated and responded to the Council's appeal. The Council's management believes this dispute will ultimately be resolved at an amount less than the disputed amount.

Furthermore, the Council's management believes that any litigation, lawsuits, or claims that are unknown and that might arise subsequent to the issuance of these financial statements would be adequately covered by the Council's insurance or resolved without any material adverse impact upon the Council's financial statements.

**Note 14 - 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 no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any 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 15 - Economic Dependency**

The Council receives the majority of its revenue from a property tax assessment and through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA) and the Louisiana Department of Transportation and Development (DOTD). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts 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 Livingston Parish were to be assessed at lower values due to natural disaster or another unpredictable event, the amount the Council receives annually from the property tax could be affected adversely. Management is not aware of any actions or events that might significantly affect the amount of funds the Council should receive next year relating to its property tax or grant revenues, except for the following events.

In August 2016, a major flood inflicted severe damage to property in Livingston Parish. As a result, the Livingston Parish Assessor reduced the values of the properties that were damaged for the 2016 property tax assessment. However, for the 2017 tax assessment, the assessor adjusted the tax rolls back to pre-flood levels. Accordingly, the Council is projecting that it will receive \$1,027,923 in property tax revenue for FY 2018, which is about a \$53,605 increase from the amount the Council received in FY 2017.

In addition, in October 2016 management learned that DOTD will limit the reimbursement of administration costs relating to the rural transportation grant (Section 5311) beginning with the November 2017 monthly report. Management has not been able to specifically quantify the impact of this change and how it might affect the Council's ability to deliver transportation services in future years.

**Note 16 - 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; medical benefits 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. Also, all eligible employees who did not elect out of coverage are covered by commercial health insurance that is provided by the Council. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

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

**Note 17 - Lease and Rental Commitments**

On February 1, 1992, the Council entered into an operating lease with the City of Denham Springs, Louisiana, to lease the building that the Council currently occupies at 949 Government Street, Denham Springs, Louisiana. Also included in this lease is the use of an addition (the Senior Center) that is adjacent to that building. Terms of the lease required the Council to prepay the rent in a lump sum of \$130,000 for the entire lease term of 600 months (February 1, 1992 to January 31, 2042). As a result, the Council is amortizing this prepaid lease at \$216.67 per month over the term of this lease (\$2,600 annually). The unamortized balance as of year-end was \$63,917.

Other significant terms of the lease require the Council to (1) maintain at least \$500,000 of liability insurance, (2) pay all the contents insurance of the buildings and utilities, and (3) be responsible for the costs of interior maintenance. The City of Denham Springs is responsible for all costs relating to building fire and flood insurance and major repairs to the external structure, heating and cooling system, and plumbing.

The Council also leases its copy machine under an agreement that began on September 12, 2016. The initial terms of the lease require the Council to pay \$646 per month for 60 months which includes maintenance fees plus a monthly property damage surcharge (insurance) of \$48 for a total monthly payment of \$694. After the first 12 months of this lease the lessor has the option to increase the monthly rental fee. Accordingly, the lessor increased the monthly payment to \$733.37 starting in September 2017. However, the property damage surcharge of \$48 will be removed beginning with the payment due in December 2017.

This year the Council paid \$6,977 in rent and other associated costs under the lease. At the end of the lease, the Council has the option to purchase the copy machine for its fair market value, renew the lease, or return the equipment. Management is unsure which

option it will exercise at this time, but will likely return the equipment. In addition, the Council also paid \$1,078 for leasing its previous copy machine.

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

Fiscal Year	Amount
2018	8,386
2019	8,226
2020	8,226
2021	8,226
2022	1,370
Total minimum future lease payments	<u>\$ 34,434</u>

**Note 18 - Related Party Transactions**

There were not any related party transactions during the year.

**Note 19 - Purchase Commitments**

At year-end, the Council (COA) has deposited \$41,190 as its share of matching funds (15% of the total cost) for five vehicles that will be purchased under a federal public transportation capital assistance program for elderly and disabled persons. The vehicle purchase contract is between the Livingston Parish Council and the Louisiana Department of Transportation and Development (DOTD). The deposited amounts have been presented as a component of nonspendable fund balance of the Council's General Fund as of year-end. Management expects the vehicles to be delivered in fiscal year 2018. When the vehicles are delivered they will be titled to the Livingston Parish Council and not the COA.

**Note 20 - Interfund Receivables and Payables**

Because the Council receives its grant revenues primarily on a cost reimbursement basis, it has to pay for costs using its General Fund money and then request reimbursement

Exhibit F (Continued)

under the various grant programs. As a result, the manner in which cash is spent and received creates short-term interfund loans. A summary of these interfund loans at year end is as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Major Funds:		
Title III B Fund	\$ 103,559	\$ 0
Nonmajor Funds:		
Title III E Fund	<u>2,634</u>	<u>0</u>
Total General Fund	<u>106,193</u>	<u>0</u>
Special Revenue Funds:		
Major Funds:		
Title III B Fund :		
General Fund	0	103,559
Nonmajor Funds:		
Title III E Fund :		
General Fund	<u>0</u>	<u>2,634</u>
Total Special Revenue Funds	<u>0</u>	<u>106,193</u>
Totals For All Funds	<u>\$ 106,193</u>	<u>\$ 106,193</u>

Note 21 - Interfund Transfers

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

	<b>Operating Transfers</b>	
	<b>In From</b>	<b>Out To</b>
<b>General Fund:</b>		
Title III B Fund	\$ 0	\$ 200,050
Title III C-1 Fund	0	160,691
Title III C-2 Fund	0	70,521
Total General Fund	<u>0</u>	<u>431,262</u>
<b>Title III B Fund:</b>		
General Fund - various local funds	\$ 93,750	\$ 0
General Fund - PCOA regular	47,535	0
General Fund - Senior Center	50,953	0
General Fund - Supp. Senior Center 2	7,812	0
Total Title III B Fund	<u>200,050</u>	<u>0</u>
<b>Title III C-1 Fund:</b>		
General Fund - various local funds	\$ 100,701	\$ 0
General Fund - Senior Center	57,000	0
General Fund - Supp. Senior Center	2,990	0
Total Title III C-1 Fund	<u>160,691</u>	<u>0</u>
<b>Title III C-2 Fund:</b>		
General Fund - various local funds	\$ 70,521	\$ 0
Total Title III C-2 Fund	<u>70,521</u>	<u>0</u>
<b>Grand Totals</b>	<u><u>\$ 431,262</u></u>	<u><u>\$ 431,262</u></u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) shift unrestricted revenues collected in the General Fund to finance various programs accounted for by special revenue funds to eliminate program deficits.

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

**Note 22 - Extraordinary Item**

As mentioned in Note 1 w, the flood that inflicted significant damage upon the Council this fiscal year has been determined to be an extraordinary item. To help understand this extraordinary item, the Council has presented a single line item in Exhibits B and D. This footnote will provide the details of what comprises those line items.

The Council's main office and senior center buildings were flooded and significantly damaged. In addition, the Council lost 13 transportation vehicles, 2 home-delivered meals vehicles, and multiple items of furniture and equipment in its administrative office and the adjacent senior center. However, the Council received substantial insurance proceeds as compensation for the damages to its property. The Council also received other funds in the form of disaster grants and contributions from the general public. Furthermore, the Council used the insurance proceeds, grants, and contributions to purchase a significant amount of capital assets and make the major repairs to its buildings. Here below are the numerical amounts that comprise the line items on Exhibits B and D. Because the accounting methods used for these schedules differ, so will the amounts in the schedules.

Extraordinary Item as presented on Exhibits B and D:

	<u>Exhibit B</u>	<u>Exhibit D</u>
Insurance proceeds from capital assets destroyed	\$502,820	\$502,820
Grant from AARP	40,000	40,000
Donation from Jackson Nutrition Center	2,254	2,254
Disaster Assistance grant from GOEA	29,262	29,262
FEMA grant passed through by GOHSEP	28,930	28,930
Net book value of capital assets destroyed	(63,961)	-
Capital assets purchased to replace those destroyed	-	(458,478)
Net gain from the extraordinary event	<u>\$539,305</u>	<u>\$144,788</u>

**Note 23 - Subsequent Events**

Management has evaluated subsequent events through December 20, 2017, which is the date the financial statements were available to be issued. There were no events that required disclosure.

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB 34**

**Budgetary Comparison Schedule - General Fund**

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Amended</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
PCOA grant - regular	\$ 47,535	\$ 47,535	\$ 47,535	\$ 0
MIPPA	3,000	3,000	0	(3,000)
AAA grant	38,323	38,323	38,323	0
Senior Center grant (primary)	107,953	107,953	107,953	0
Supplemental Senior Center grants	10,802	10,802	10,802	0
Livingston Parish Council - (Section 5311)	0	0	3,568	3,568
Property Taxes	965,000	910,099	974,318	64,219
FTA Grant	80,000	0	0	0
Public Support - restricted	6,600	30,399	15,831	(14,568)
Public Support - unrestricted	2,500	2,500	17,548	15,048
Program Service Fees - cash fares for transportation	4,200	2,900	3,809	909
Interest Income	4,500	15,695	17,495	1,800
Miscellaneous	0	0	12	12
<b>Total Revenues</b>	<b>1,270,413</b>	<b>1,169,206</b>	<b>1,237,194</b>	<b>67,988</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Personnel	126,070	118,728	128,697	(9,969)
Fringe	16,574	18,520	17,632	888
Travel	258	0	0	0
Operating Services	37,654	38,727	44,017	(5,290)
Operating Supplies	11,889	29,179	32,014	(2,835)
Other Costs	6,859	9,801	9,345	456
Full Service	0	0	0	0
Utility Assistance	7,650	7,650	5,910	1,740
Capital Outlays	485,000	133,245	159,806	(26,561)
Intergovernmental	40,000	40,000	38,389	1,611
<b>Total Expenditures</b>	<b>731,954</b>	<b>395,850</b>	<b>435,810</b>	<b>(39,960)</b>
Excess of revenues over expenditures	538,459	773,356	801,384	28,028
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds from sale of vehicles	4,000	0	0	0
Insurance proceeds from vehicle accident	0	0	5,863	5,863
Transfers in	0	0	0	0
Transfers out	(748,693)	(516,366)	(431,262)	85,104
<b>Total other financing sources (uses)</b>	<b>(744,693)</b>	<b>(516,366)</b>	<b>(425,399)</b>	<b>90,967</b>
<b><u>EXTRAORDINARY ITEM</u></b>				
Revenue, other sources and expenditures relating to the Great Flood of 2016	0	469,494	144,788	(324,706)
Total extraordinary item	0	469,494	144,788	(324,706)
<b>Net increase (decrease) in fund balance</b>	<b>\$ (206,234)</b>	<b>\$ 726,484</b>	<b>520,773</b>	<b>\$ (205,711)</b>
<b><u>FUND BALANCE</u></b>				
Beginning of year			2,609,642	
End of year			<b>\$ 3,130,415</b>	

See notes to required supplementary information.

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

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Amended</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 102,315	\$ 102,315	\$ 102,315	\$ 0
Livingston Parish Council - (Section 5311)	295,135	200,000	203,179	3,179
Public Support:				
Client Contributions	3,750	2,600	2,779	179
Total Revenues	<u>401,200</u>	<u>304,915</u>	<u>308,273</u>	<u>3,358</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Personnel	376,259	293,691	245,345	48,346
Fringe	40,911	37,346	32,115	5,231
Travel	551	0	0	0
Operating Services	178,784	139,987	130,947	9,040
Operating Supplies	83,926	46,464	43,850	2,614
Other Costs	12,945	13,311	11,618	1,693
Full Service	89,202	50,078	44,448	5,630
Total Expenditures	<u>782,578</u>	<u>580,877</u>	<u>508,323</u>	<u>72,554</u>
Excess of expenditures over revenues	<u>(381,378)</u>	<u>(275,962)</u>	<u>(200,050)</u>	<u>75,912</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	381,378	275,962	200,050	(75,912)
Transfers out	0	0	0	0
Total other financing sources (uses)	<u>381,378</u>	<u>275,962</u>	<u>200,050</u>	<u>(75,912)</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b><u>FUND BALANCE</u></b>				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

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

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Amended</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 149,610	\$ 149,610	\$ 149,610	\$ 0
NSIP grant	34,560	34,560	34,560	0
Public Support:				
Client Contributions	26,500	18,000	17,296	(704)
Total Revenues	<u>210,670</u>	<u>202,170</u>	<u>201,466</u>	<u>(704)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Personnel	100,981	94,057	102,983	(8,926)
Fringe	14,542	16,399	17,599	(1,200)
Travel	137	0	0	0
Operating Services	42,492	40,302	46,478	(6,176)
Operating Supplies	12,638	23,821	21,824	1,997
Other Costs	1,803	2,072	1,906	166
Full Service	1,140	1,140	500	640
Meals	158,864	161,443	170,867	(9,424)
Total Expenditures	<u>332,597</u>	<u>339,234</u>	<u>362,157</u>	<u>(22,923)</u>
Excess of expenditures over revenues	<u>(121,927)</u>	<u>(137,064)</u>	<u>(160,691)</u>	<u>(23,627)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	121,927	137,064	160,691	23,627
Transfers out	0	0	0	0
Total other financing sources (uses)	<u>121,927</u>	<u>137,064</u>	<u>160,691</u>	<u>23,627</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b><u>FUND BALANCE</u></b>				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

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

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2017**

	<u>Budgeted Amounts</u>	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Amended</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 86,943	\$ 86,943	\$ 86,943	\$ 0
NSIP grant	34,559	34,559	34,559	0
Public Support:				
Baton Rouge Area Foundation Grant	0	0	25,000	25,000
Client Contributions	3,900	4,500	5,190	690
Total Revenues	<u>125,402</u>	<u>126,002</u>	<u>151,692</u>	<u>25,690</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Personnel	35,208	28,231	32,291	(4,060)
Fringe	6,129	6,672	5,047	1,625
Travel	51	0	0	0
Operating Services	15,310	11,758	12,435	(677)
Operating Supplies	7,477	4,217	4,900	(683)
Other Costs	668	594	569	25
Full Service	60	60	100	(40)
Meals	278,056	176,657	166,871	9,786
Capital Outlay	0	0	0	0
Total Expenditures	<u>342,959</u>	<u>228,189</u>	<u>222,213</u>	<u>5,976</u>
Excess of expenditures over revenues	<u>(217,557)</u>	<u>(102,187)</u>	<u>(70,521)</u>	<u>31,666</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	217,557	102,187	70,521	(31,666)
Transfers out	0		0	0
Total other financing sources (uses)	<u>217,557</u>	<u>102,187</u>	<u>70,521</u>	<u>(31,666)</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b><u>FUND BALANCE</u></b>				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### Livingston Council on Aging Denham Springs, Louisiana For the year ended June 30, 2017

#### Note 1 - Budgetary Reporting

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

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

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for its programs.
- Management projects property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- The Livingston Parish Council (LPC) also provides funds to the Council via the Section 5311 program administered by the Louisiana Department of Transportation and Development (DOTD). Accordingly, the Council submits an application and budget to DOTD to request funding under the Section 5311 program. DOTD, in turn, notifies the Council of the maximum amount the Council can get reimbursed under this program in the upcoming year.
- The revenue information supplied by GOEA and DOTD are considered by management along with revenue projections of grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(Continued)**

**Note 1 - Budgetary Reporting - (Continued)**

- Once information regarding projected revenues and expenditures has been obtained, the Council's management prepares a proposed budget based on the projections. The proposed budget is reviewed and approved by the Council's Finance Committee before it 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 meeting, usually held before May 31 of the current fiscal year. The original FY 2017 budget was approved at a board meeting on May 26, 2016.
- 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 re-budget funds in the next fiscal year to complete the grant or contract. An example where this type of situation arises is when vehicles are acquired under federal matching programs. The *match* might be made in one year and the vehicle delivered in another.
- 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 financial statements include the original adopted budget amounts and all subsequent amendments. Budget amendments are sent to GOEA and approved by that agency. The Council did amend its FY 2017 budget once, which was approved at a board meeting on April 6, 2017.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**(Continued)**

**Note 1 - Budgetary Reporting - (Continued)**

- The Council may transfer funds between line items in its budget as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs (GOEA) for funds received under grants from this agency. As part of its grant compliance, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed their budgeted amounts by more than 10%, unless unrestricted funds are available to *cover* the overrun.
- Budgeted expenditures cannot exceed budgeted revenues, including transfers, on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

**Note 2 - General Fund's Budgeted Operating Deficit**

Management originally budgeted an operating deficit in the Council's General Fund this year because the Council needed to make substantial capital improvements to its senior centers and was unable to pay for the improvements in full using the current year's revenues. However, the budget was later amended to reflect significant changes due to the impact of the flood that occurred in August 2016. After the amendment was made the deficit in the original General Fund's budget was eliminated.

**SUPPLEMENTARY FINANCIAL INFORMATION FOR GOEA ANALYSIS**

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

Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2017

	Title III D Fund	Title III E Fund	Totals
<b><u>REVENUES</u></b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 3,000	\$ 34,319	\$ 37,319
Total revenues	3,000	34,319	37,319
<b><u>EXPENDITURES</u></b>			
Health, Welfare, & Social Services:			
Current:			
Personnel	0	1,111	1,111
Fringe	0	118	118
Travel	0	0	0
Operating Services	0	249	249
Operating Supplies	0	58	58
Other Costs	0	1,015	1,015
Full Service	3,000	31,768	34,768
Meals	0	0	0
Utility Assistance	0	0	0
Capital Outlay	0	0	0
Total expenditures	3,000	34,319	37,319
Excess of expenditures over revenues	0	0	0
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	0	0	0
Operating transfers out	0	0	0
Total other financing sources and (uses)	0	0	0
Net increase (decrease) in fund balances	0	0	0
<b><u>FUND BALANCE (DEFICIT)</u></b>			
Beginning of year	0	0	0
End of year	\$ 0	\$ 0	\$ 0

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

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b><u>Capital Assets</u></b>				
Vehicles	\$ 158,676	\$ 322,539	\$ (111,664)	\$ 369,551
Furniture & equipment	50,245	10,838	(48,252)	12,831
Computer equipment	6,489	0	(5,608)	881
Nutrition equipment	28,016	12,796	(21,323)	19,489
Storage building	10,979	0	0	10,979
Leasehold improvements	268,482	149,066	(10,189)	407,359
Land	0	123,045	0	123,045
Health maintenance equipment	1,995	0	(1,995)	0
Total capital assets	<u>\$ 524,882</u>	<u>\$ 618,284</u>	<u>\$ (199,031)</u>	<u>\$ 944,135</u>
<b><u>Investment in Capital Assets</u></b>				
Property acquired with funds from:				
General Funds & Local Donations	\$ 447,118	\$ 618,284	\$ (155,448)	\$ 909,954
General Fund - PCOA	42,188	0	(42,188)	0
Federal Transit Administration Grants	34,181	0	0	34,181
Senior Center	1,395	0	(1,395)	0
Total investment in capital assets	<u>\$ 524,882</u>	<u>\$ 618,284</u>	<u>\$ (199,031)</u>	<u>\$ 944,135</u>

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY LOUISIANA LAW**

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

**Livingston Council on the Aging, Inc.  
Denham Springs, Louisiana  
For the year ended June 30, 2017**

**Executive Director's (Agency Head) Name: Leila Faucheux  
July 1, 2016 to May 3, 2017**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 63,361.50
Benefits-insurance (health and life)	3,917.88
Benefits-retirement	-
Benefits-other (FICA, LUTA, WORKER'S COMP)	5,198.72
Per diem	
Reimbursements as the Custodian of Petty Cash	1,342.48
Travel	
Registration fees	50.00
Conference travel	-

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

**Livingston Council on the Aging, Inc.  
Denham Springs, Louisiana  
For the year ended June 30, 2017**

**Executive Director's (Agency Head) Name: Melane Kay Granger  
May 3, 2017 to June 30, 2017**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 7,496.00
Benefits-insurance (health and life)	844.72
Benefits-retirement	-
Benefits-other (FICA, LUTA, WORKER'S COMP)	582.10
Per diem	
Reimbursements as the Custodian of Petty Cash	498.22
Travel	
Registration fees	75.00
Conference travel	-

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

To the Board of Directors,  
Livingston Council on Aging  
Denham Springs, Louisiana

I 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 Livingston Council on Aging, Denham Springs, Louisiana, (the Council) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued my report thereon dated December 20, 2017.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control.

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.

My 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 my audit, I did not identify any deficiencies in internal control that I 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, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed 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 my 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.

Baton Rouge, Louisiana  
December 20, 2017

  
Michael R. Choate & Company, CPAs

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the Year Ended June 30, 2017**

**A. 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**

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the year ended June 30, 2017**

### **Financial Statements Findings**

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

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

No matters were reported last year, 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**

**Livingston Council on Aging  
Denham Springs, Louisiana  
For the Year Ended June 30, 2017**

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

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

**Name and address of independent public accounting firm:** Michael R. Choate & Company, CPAs,  
2915 South Sherwood Forest Blvd., Baton Rouge, Louisiana, 70816.

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

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, Melane Kay Granger, at (225) 664-9343.

**LIVINGSTON COUNCIL ON AGING  
AGREED UPON PROCEDURES REPORT  
For the year ended June 30, 2017**

**MICHAEL R. CHOATE & COMPANY  
Certified Public Accountants**

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

Livingston Council on Aging, Inc.  
Denham Springs, Louisiana, USA

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

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

**Procedures:**

1. Determine if the following accounting policies are in writing:

Budgeting	Payroll/ Personnel	Ethics
Purchasing	Contracting (vendors)	Debt service
Disbursements	Credit cards	
Receipts	Travel and expense reimbursements	

2. Test compliance with the above accounting policies using the procedures described in the attached Appendix.

**Findings:**

1. The policies exist and are in writing.
2. The Council is in compliance with the policies.

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.

  
Michael R. Choate & Company CPAs

December 20, 2017

## APPENDIX

# *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures*

## *Introduction and General Comments*

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The Louisiana Legislative Auditor (LLA) has prescribed statewide agreed-upon procedures (AUPs) below, which are intended to represent a minimum level of additional work to be performed at those local entities (local governments and quasi-public organizations, including nonprofits) that meet the legal requirement to have an audit under the Audit Law. Those local entities that do not meet the legal requirement to have an audit under the Audit Law are exempt from performing these AUPs. State entities that are included in the Comprehensive Annual Financial Report of the State of Louisiana, or local entities subject to Act 774 of 2014 (St. Tammany Parish), are likewise exempt from the AUPs below. **These AUPs will be effective beginning with those entities that have a June 30, 2017, fiscal year end.**

The AUPs are to be performed under the AICPA attest standards, and the AUP report must be attached to the audit report that is submitted to the Legislative Auditor's office (i.e. one Adobe pdf file submitted to the LLA rather than two). The AUPs are required to be performed by the same firm that performs the annual audit; accordingly, a separate "engagement approval form" for the statewide AUP engagement is not required.

The practitioner should consider these AUPs to be "complementary" rather than "additive" as they may duplicate existing audit procedures. For example, if the AUP below indicates that 25 random transactions should be selected and the practitioner would otherwise plan to test 40 random transactions as part of the entity's audit, the practitioner may use 25 of the 40 transactions for both the audit and the AUP engagement. Also, the scope of the procedures applies to the primary reporting entity and is not required to be extended to discretely presented component units of the entity.

All exceptions are to be included in the AUP report with management's responses/corrective actions. Management may either prepare a single overall response to the AUP report or may respond after each procedure.

If the entity employs one or more internal auditors; the practitioner documents reliance upon the internal audit function as part of the entity's audit; and the internal auditor performs one or more of the specific procedures identified below (internal auditor is not required to perform procedures under the attest standards), the practitioner does not have to include those specific procedures as part of the scope of the AUP engagement or in the AUP report. In that situation, the practitioner should perform the remaining AUPs under the attest standards and document in the AUP report. The practitioner must also include a copy of the internal auditor's procedures performed and exceptions noted when submitting the audit report and AUP report to the LLA. In this situation,

## *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures*

all three reports should be submitted to the LLA as one Adobe pdf file, and all three reports will be issued by the LLA as public documents.

Please note that the results of the AUPs do not change the practitioner's separate responsibility to report significant deficiencies, material weaknesses, material noncompliance, etc., as part of the regular audit engagement. However, the practitioner should not include the AUP exceptions or internal auditor's exceptions (or a reference to the exceptions) in the audit report's schedule of findings, unless an AUP or internal audit exception rises to the level of a significant deficiency or material weakness and is included as a finding for purposes of the audit.

To avoid creating an undue burden on practitioners, the AUPs may be performed for a 12-month "fiscal period" that does not coincide with the entity's "fiscal year", as long as the 12-month fiscal period is no more than 3 months prior to the end of the entity's fiscal year. For example, the practitioner may perform AUPs for the fiscal period April 1, 2016 through March 31, 2017 for an entity with a fiscal year ending June 30, 2017. All AUPs below will reference fiscal period to mean the 12-months covered by the AUPs.

For nonprofit entities, only those AUPs relevant to public monies (and only to the extent that the AUPs are applicable) are required to be included in the scope of the AUP engagement. For example, if a nonprofit receives \$10 million in non-public funds and also receives \$600,000 in public funds, only the \$600,000 would be subject to these AUPs if the funds are not otherwise commingled. In this example, if the nonprofit did not use the \$600,000 in public funds for payroll or travel expenses, the portions of the AUPs relating to these areas are not required to be included in the scope of the AUP engagement or report.

Additional instructions concerning engagement approvals, report submission protocols, and the availability of forms, examples, and tools related to these procedures will be communicated as they are finalized.

### *Written Policies and Procedures*

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

## ***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures***

- c) ***Disbursements***, including processing, reviewing, and approving
- d) ***Receipts***, including receiving, recording, and preparing deposits
- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, 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
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
  - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

## *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures*

### *Bank Reconciliations*

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

### *Collections*

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
  - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
  - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

## *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

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

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8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

## *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

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

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.  
  
Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
  - a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
  - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

## *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures*

- a) For each transaction, report whether the transaction is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

### *Travel and Expense Reimbursement*

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
  - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
  - b) Report whether each expense is supported by:

## *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures*

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### *Contracts*

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
    - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
    - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
  - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

## *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

### *Payroll and Personnel*

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
  - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
  - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the

## ***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures***

required reporting forms, were submitted to the applicable agencies by the required deadlines.

### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

### ***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception.