

**EAST BATON ROUGE
COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
JUNE 30, 2018**

L.A. CHAMPAGNE 
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To Management and Members of the Board of Directors of
The East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Baton Rouge Council on Aging, Inc. (the Council), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Council on Aging, as of June 30, 2018, and the respective changes in financial position 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 and budgetary comparison information on pages 1 - 9 and 32 - 39, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The combining schedule of revenues, expenditures and changes in fund balance – nonmajor governmental funds on page 40, the comparative schedule of capital assets and changes in capital assets on page 41, and the schedule of compensation, benefits and other payments to chief executive officer on page 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal awards on page 42 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards, and is also not a required part of the basic financial statements.

The combining schedule of revenue and expenditures and changes in fund balance – nonmajor government funds, the comparative schedule of capital assets and changes in capital assets, the schedule of expenditures of federal awards, and the schedule of compensation, benefits and other payments to chief executive officer are the responsibility of management and were derived from and relate 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of revenue and expenditures and changes in fund balance - nonmajor governmental funds, the comparative schedule of capital assets and changes in capital assets, the schedule of expenditures of federal awards, and the schedule of compensation, benefits and other payments to chief executive officer are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

L. A. Champagne + Co. L.L.P.

Baton Rouge, Louisiana

December 28, 2018

REQUIRED SUPPLEMENTARY INFORMATION



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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The Council's Government-Wide total assets exceeded its total liabilities at the close of fiscal year 2018 by \$6,274,928.

- **Changes in Revenue 2018 vs 2017**

Total revenues increased by approximately \$8,219,492 or 222% from the prior fiscal year. In the current fiscal year, revenues from the Governor's Office of Elderly Affairs decreased by approximately \$10,000. Public support from corporate contributions decreased approximately \$71,000 while other income decreased approximately \$192,000. The Council also received approximately \$9,000,000 in additional funding from property tax revenue in the current year.

- **Changes in Expenses 2018 vs 2017**

Total expenses increased by approximately \$2,236,000 or 61% from the prior fiscal year mainly due to increase in expenses related to providing additional food services.

- The increase in net position for the year ended June 30, 2018 is \$6,499,448. The decrease in net position for the year ended June 30, 2017 was \$2,760.
- The Council's total net position for the year ended June 30, 2018 totaled \$6,274,928 compared to the deficit in net position of \$224,520 for the year ended June 30, 2017.

OVERVIEW OF THE 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 and fund statements)
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA
- (5) Supplementary information required by *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
- (6) Auditors' reports.

The government-wide financial statements, which consist of the Statement of Net Position (Statement 1) and the Statement of Activities (Statement 2), 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 Governmental Funds Balance Sheet (Statement 3) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement 5), 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.

BASIC FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are prepared using the accrual basis of accounting and are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private sector business. When using these financial statements, the user should consider whether the Council's finances, as a whole, have improved or deteriorated since last year. The government-wide financial statements found on pages 10 through 11 report the Council's net assets and changes in them. However, to assess the overall financial position of the Council, the user must also consider nonfinancial 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 presents all assets and liabilities and the Council's financial position at year end, whereas the Statement of Activities presents information showing how the Council's net assets changed during this fiscal year as a result of the Council's activities. In this statement, all changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods. The governmental activities of the Council include an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of eight distinct programs that include supportive services, nutritional services, family caregiver support, senior community service employment, disease prevention and health promotion, senior citizen center operations, unmet needs, and Medicare outreach and enrollment. There is also a line item for "other services," which consists of a variety of services that individually do not represent very large expenditures. Subprogram activities are also presented within a couple of the primary functions to facilitate additional analysis. All activities of the Council are considered to be governmental activities.

A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity might be classified as a business-type activity. The Council does not have any business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Council are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Accordingly, the governmental funds use the modified accrual basis of accounting. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The Governmental Funds balance sheet presents a reconciliation of total governmental funds balance to net position of governmental activities on Statement 3. The reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities is presented on Statement 5.

The Council uses two types of governmental funds: (1) a 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 grant from the City-Parish of East Baton Rouge 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 expenditures 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. Most special revenue funds have no fund balance at year-end because all revenue received is expended in the same year. The Utility Assistance fund is one special revenue fund that typically has a fund balance at year end because any unspent revenue at year end does not have to be returned to a grantor or donor.

The Council has presented the General Fund, Title IIIB Fund, Title III C-1 Fund, Title III C-2 Fund, Senior Center Fund, and the NSIP fund as "major" governmental funds as required by the Governor’s Office of Elderly Affairs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 16 of this report. The notes to the financial statements should be read before making assumptions or conclusions about the Council's financial condition.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

In addition to the basic financial statements, this report also presents certain required supplementary information (RSI) that further explains and supports the information in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted budget (see pages 32 through 39).

Management's Discussion and Analysis (MD&A) is also required supplementary information by GASB Statement No. 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package and not with the other RSI, which is included later in this reporting package.

SUPPLEMENTARY INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present combining statements that provide details about non-major governmental funds and details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council. (see pages 40 through 41).

SUPPLEMENTARY INFORMATION REQUIRED BY *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS*

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires a Schedule of Expenditures of Federal Awards to be included as supplemental information. This schedule will present information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council. (see pages 42 through 43).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2018, net position was \$6,274,928. As of June 30, 2017, the net deficit was \$224,520. This was an increase in net position of \$6,499,448.

**Table 1
Net Position (Deficit)**

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Cash	\$ 5,795,930	\$ 34,106	\$ 5,761,824	16,893%
Other current assets	51,510	12,057	39,453	327
Capital assets, net	753,212	414,642	338,570	82
Noncurrent assets	10,000	10,205	(205)	(2)
Total assets	<u>6,610,652</u>	<u>471,010</u>	<u>6,139,642</u>	1,304
Line of credit	-	153,325	(153,325)	(100)
Accounts payable	200,574	367,595	(167,021)	(45)
Accrued payroll and related taxes	104,613	34,479	70,134	203
Accrued compensated absences	30,537	26,431	4,106	16
Long-term debt	-	113,700	(113,700)	(100)
Total liabilities	<u>335,724</u>	<u>695,530</u>	<u>(359,806)</u>	52
Net position:				
Net investment in capital assets	753,212	414,642	338,570	82
Restricted for:				
Utility assistance	95,962	96,185	(223)	-
Unrestricted position (deficit)	<u>5,425,754</u>	<u>(735,347)</u>	<u>6,161,101</u>	838
Total net position (deficit)	\$ <u>6,274,928</u>	\$ <u>(224,520)</u>	\$ <u>6,499,448</u>	2,894%

Governmental Activities

Governmental activities in fiscal year 2018 led to an increase in net position of \$6,499,448 resulting in a net position of \$6,274,928 for the year ended June 30, 2018. For the year ended June 30, 2017, governmental activities resulted in an increase in the net deficit position of \$2,760. Key elements of these activities are detailed in Table 2.

Table 2
Changes in Net Position (Deficit)

	2018	2017	Increase (Decrease)	
			Amount	Percent
Revenues				
Program revenues:				
Operating grants and contributions	\$ 2,422,096	\$ 2,736,016	\$ (313,920)	(11)%
Charges for services	34,136	43,070	8,934	(21)
General revenues:				
Grants and contributions not restricted	436,000	872,000	(436,000)	(50)
Interest	20,060	-	20,060	100
Property Tax	8,968,342	-	8,968,342	100
Auto Rental Tax	51,041	59,097	(8,056)	(14)
Total revenues	<u>11,931,675</u>	<u>3,710,183</u>	<u>8,221,492</u>	222
Expenses				
Total expenses	<u>5,432,227</u>	<u>3,712,943</u>	<u>1,719,284</u>	46
Increase in net position	6,499,448	(2,760)	6,502,208	100
Net deficit – beginning of year	<u>(224,520)</u>	<u>(221,760)</u>	<u>(2,760)</u>	1
Net position – end of year	\$ <u>6,274,928</u>	\$ <u>(224,520)</u>	\$ <u>6,499,448</u>	100%

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 on Statement 2, the Council's major program activities include supportive services, nutrition services, and senior centers. Accordingly, management allocates funds to these programs because that is where there is the greatest demand.

Another area of interest on the Statement of Activities relates to the total column wherein the Council illustrates that its governmental activities have more expenses than program revenues. In other words, they are not self-supporting. As a result, management prepares the annual budget based on this expectation, which means that general revenues will be used to cover the excess of expenses over revenues in these activities. Without unrestricted grants and contributions, the Council would be unable to provide services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services, as well as reallocating them to meet changing demands.

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

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, the 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 balance for all fund types of \$5,498,071, an increase in the fund balance of \$6,033,738 when compared to last year. The Council's General Fund balance increased by \$6,033,961 during the current fiscal year. The unassigned fund balance component of the General Fund was \$5,402,109. The combined decrease in all Special Revenue Funds was \$2,207,080. The increase in the fund balance in the current fiscal year was a result of the following:

Revenues

Total revenues (excluding in-kind services and facilities) increased by approximately \$8,217,000 in the current year. Revenues from the Governor's Office of Elderly Affairs decreased by approximately \$10,000. Revenue from the auto rental sales tax decreased by approximately \$8,000. Public support from corporate contributions decreased approximately \$71,000. The Council also received approximately \$8,968,000 in additional funding from property tax revenue in the current year.

Expenditures

Total expenditures (excluding in-kind services and facilities) increased by approximately \$2,200,000 this year, primarily due to the increase in food services during the June 30, 2018 year.

AN ANALYSIS OF THE GENERAL FUND BUDGET

The budget was amended one time during the year. The budgetary comparison schedule for the General Fund is on page 32. Revenues exceeded the final amended budget by approximately \$328,000 attributed to the revenue received from the property tax millage. Expenditures exceeded the final amended budget by approximately \$881,000 mainly due to the increase in food services provided during the June 30, 2018 year.

CAPITAL ASSET
Capital Assets

The Council's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$753,212 (net accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture and equipment, vehicles and buildings (see table below):

Table 3
Capital Assets at Year-end

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 235,341	\$ 402,107
Furniture and equipment	676,227	447,779
Vehicles	299,208	149,903
Buildings	<u>127,535</u>	<u>127,535</u>
	1,338,311	1,127,324
Less accumulated depreciation	<u>(585,099)</u>	<u>(712,682)</u>
Totals	<u>\$ 753,212</u>	<u>\$ 414,642</u>

The Council had an increase in capital assets net of accumulated depreciation of \$338,570. The increase is attributable to the asset additions of approximately \$595,000, disposals of approximately \$384,000 along with \$127,000 increase in depreciation expense for the current year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Council receives most of its funding from local property taxes and, federal, state and local agencies. As a result, the source of income for the Council is consistent. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, those revenues are not fixed. There have been no significant changes to the funding levels or terms of the grants and contracts. There are no plans to add any significant programs for next fiscal year.

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

- Each year the East Baton Rouge Council on Aging, Inc. experiences increases in fuel costs and other inflationary items without additional funding to offset these increases.
- Actual expenditures from the previous fiscal year in relation to expected needs in the current year.
- Consideration of funding to be received from GOEA and City of Baton Rouge.
- Salaries and benefits are based on the number of employees needed to perform necessary services.
- Services the Council will provide along with estimated service costs.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.

CONTACTING THE COUNCIL'S MANAGEMENT

This financial report is designed to provide a general overview of the Council's finances for those with an interest in the Council's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Eva Pratt, CFO, East Baton Rouge Council on Aging, Inc., 5790 Florida Blvd., Baton Rouge, Louisiana, (225) 923-8031.

A handwritten signature in black ink, appearing to read 'Tasha Clark-Amar', with a stylized, looped flourish at the end.

Tasha Clark-Amar
Chief Executive Officer

BASIC FINANCIAL STATEMENTS

EAST BATON ROUGE COUNCIL ON AGING, INC.
STATEMENT OF NET POSITION
June 30, 2018

Statement 1

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 5,795,930
Accounts receivable - net	37,865
Prepaid expenses	<u>13,645</u>
Total current assets	5,847,440
Noncurrent assets:	
Capital assets, net of depreciation	753,212
Deposits	<u>10,000</u>
Total assets	<u>\$ 6,610,652</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 200,574
Accrued payroll and related taxes	<u>104,613</u>
Total current liabilities	305,187
Non-current liabilities:	
Accrued compensated absences	
Due within one year	<u>30,537</u>
Total liabilities	<u>335,724</u>
 NET POSITION	
Net investment in capital assets	753,212
Restricted for:	
Utility assistance	95,962
Unrestricted net position	<u>5,425,754</u>
Total net position	<u>6,274,928</u>
 Total liabilities and net position	 <u>\$ 6,610,652</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2018

	Direct Expenses	Indirect Expenses	Program Revenues		Net (Expense)
			Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Functions/Programs					
Governmental activities:					
Health, Welfare, and Social Services:					
Supportive Services:					
Personal Care	\$ 445,973	\$ 78,488	\$ -	\$ 315,396	\$ (209,065)
Utility Assistance	223	-	-	-	(223)
Nutrition Service:					
Congregate Meals	863,349	64,195	18,449	519,579	(389,516)
Home Delivered Meals	1,382,904	98,167	15,687	354,590	(1,110,794)
Disease Preventing and Health Promotion	12,000	-	-	11,411	(589)
National Family Caregiver Support	170,740	43,893	-	100,675	(113,958)
Multipurpose Senior Centers	855,738	88,702	-	561,505	(382,935)
Administration:					
Area Agency Administration	102,849	-	-	102,849	-
General Administration	1,598,451	(373,445)	-	456,091	(768,915)
Total governmental activities	\$ 5,432,227	\$ -	\$ 34,136	\$ 2,422,096	(2,975,995)
General Revenues:					
Grants and contributions not restricted to specific programs					436,000
Interest					20,060
Taxes:					
Property					8,968,342
Sales - Auto Rental					51,041
Total general revenues					9,475,443
Increase in net position					6,499,448
Net deficit - beginning of the year					(224,520)
Net position - end of the year					\$ 6,274,928

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Title III B	Title III C-1	Title III C-2	Senior Center	NSIP	Non- Major Funds	Total Governmental Funds
ASSETS								
Cash	\$ 5,681,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,775	\$ 5,795,930
Other receivables - net	37,865	-	-	-	-	-	-	37,865
Due from other funds	16,083	20,787	3,106	18,590	11,562	-	-	70,128
Total Assets	\$ 5,735,103	\$ 20,787	\$ 3,106	\$ 18,590	\$ 11,562	\$ -	\$ 114,775	\$ 5,903,923
LIABILITIES								
Accounts payable	\$ 200,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,574
Accrued payroll and related taxes	47,838	20,787	3,106	18,590	11,562	-	2,730	104,613
Accrued compensated absences	30,537	-	-	-	-	-	-	30,537
Due to other funds	54,045	-	-	-	-	-	16,083	70,128
Total Liabilities	332,994	20,787	3,106	18,590	11,562	-	18,813	405,852
FUND BALANCES								
Restricted	-	-	-	-	-	-	95,962	95,962
Unassigned	5,402,109	-	-	-	-	-	-	5,402,109
Total fund balances	5,402,109	-	-	-	-	-	95,962	5,498,071
Total liabilities and fund balances	\$ 5,735,103	\$ 20,787	\$ 3,106	\$ 18,590	\$ 11,562	\$ -	\$ 114,775	\$ 5,903,923

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Fund balance - governmental funds	\$ 5,498,071
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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 in the fund.

Governmental capital assets	\$ 1,338,311	
Less accumulated depreciation	<u>(585,099)</u>	753,212

Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.

Deposits	10,000
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Governmental funds report expenditures that benefit future periods as current, however, in the statement of activities, the cost is allocated over the benefit of the period

Prepaid Insurance	<u>13,645</u>
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Net position of governmental activities	<u><u>\$ 6,274,928</u></u>
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See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2018

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Senior Center	NSIP	Non- Major Funds	Total Governmental Funds
REVENUES								
Intergovernmental:								
City of Baton Rouge	\$ 436,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,000
Office of Elderly Affairs	112,000	315,396	356,170	354,590	382,851	163,409	274,242	1,958,658
Office Homeland Security and Emergency Preparedness	6,563	-	-	-	-	-	-	6,563
Taxes:								
Property	8,968,342	-	-	-	-	-	-	8,968,342
Sales - Auto Rental	51,041	-	-	-	-	-	-	51,041
Public Support (restricted):								
Contributions	7,441	-	-	-	-	-	-	7,441
Public Support (unrestricted):								
Contributions	52,360	-	-	-	-	-	-	52,360
Program Service Fees:								
Paid meals	-	-	18,449	15,687	-	-	-	34,136
Interest	20,060	-	-	-	-	-	-	20,060
Other	52,223	-	-	-	-	-	-	52,223
In-kind Contributions	225,504	-	-	-	119,347	-	-	344,851
Total revenues	9,931,534	315,396	374,619	370,277	502,198	163,409	274,242	11,931,675
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Salaries and wages	293,513	338,635	388,283	485,960	287,099	-	199,422	1,992,912
Fringe	99,585	129,723	102,469	84,484	59,594	-	46,953	522,808
Travel	192	14,347	43	79	474	-	4,431	19,566
Operating services	150,740	26,903	60,833	96,950	126,004	-	49,206	510,636
Operating supplies	107,493	-	341,103	748,150	62,550	-	4,100	1,263,396
Other cost	268,842	14,853	13,340	17,652	408,719	-	25,370	748,776
Kitchen operations	25,809	-	21,473	47,796	-	-	-	95,078
Capital outlay	595,712	-	-	-	-	-	-	595,712
Debt service:								
Principal retirement, net	118,651	-	-	-	-	-	-	118,651
Interest	30,179	-	-	-	-	-	-	30,179
Utility Assistance	-	-	-	-	-	-	223	223
Total expenditures	1,690,716	524,461	927,544	1,481,071	944,440	-	329,705	5,897,937
Excess (deficiency) of revenues over expenditures	8,240,818	(209,065)	(552,925)	(1,110,794)	(442,242)	163,409	(55,463)	6,033,738
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	209,065	552,925	1,110,794	442,242	-	114,547	2,429,573
Operating transfers out	(2,206,857)	-	-	-	-	(163,409)	(59,307)	(2,429,573)
	(2,206,857)	209,065	552,925	1,110,794	442,242	(163,409)	55,240	-
Net change in fund balances	6,033,961	-	-	-	-	-	(223)	6,033,738
Fund balance (deficit)								
Beginning of year	(631,852)	-	-	-	-	-	96,185	(535,667)
End of year	\$ 5,402,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,962	\$ 5,498,071

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
Year ended June 30, 2018

Excess (deficiency) of revenues and other financing sources over expenditures and other uses - total governmental funds	\$ 6,033,738
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Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures,
however, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense.

Capital outlay	\$ 595,712	
Depreciation expense	(250,069)	
		345,643

Some expenses reported by the governmental funds require the use of
current financial resources and therefore are not reported as expenditures
in the statement of activities

Prepaid insurance	13,645	
Principal payments, net of proceeds	113,700	
		127,345

Loss on disposition of capital assets	<u>(7,278)</u>
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Increase of net position of governmental activities	<u>\$ 6,499,448</u>
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See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the East Baton Rouge Council on Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

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 East Baton Rouge Parish, Louisiana (the 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; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

The primary services provided by the Council to the elderly residents of the Parish include congregate and home delivered meals, health care services, nutritional education, information and referral, legal assistance, homemaker services, operation of senior centers, and outreach.

Reporting entity

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

Charters are issued by the Louisiana Secretary of State upon approval by the Governor's Office of Elderly Affairs. The East Baton Rouge Council on Aging, Inc. is a non-profit, quasi-public corporation which must comply with the policies and regulations established by the Governor's Office of Elderly Affairs, the state agency which provides the Council with most of its revenues. Other entities that provide the Council with federal, state, or local funds may impose some additional requirements.

Before January 1, 1982, the Council operated as part of the City of Baton Rouge. Effective January 1, 1982, the Council began operating as a stand-alone entity, responsible for managing all of its affairs. Based on the criteria set forth in GASB Statement No. 61, The Financial Reporting Entity (an amendment of GASB Statement 14), the Council is not a component unit of another primary government nor does it have any component units related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a stand-alone, special purpose government; accordingly, it is applying the provisions of Statement 61 as if it were a primary government.

A Board of Directors, consisting of eleven voluntary members who serve three-year terms, governs the Council.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

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

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

Government-wide financial statements - The Statement of Net Position and the Statement of Activities accounts for all activities of the Council. As a general rule, the effect of inter-fund 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 resulting from the activities of the current fiscal year. Generally, intergovernmental revenues support governmental activities.

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues such as intergovernmental revenues and unrestricted public support, particularly if the function or program has a net cost. 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 OMB Circular A-122, Cost Principles for Non-Profit Organizations. 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.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted grants, interest income, and miscellaneous revenues that are not included among program revenues are reported as general revenues in this statement.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund financial statements - The present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before 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 generally 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. The non-major funds are summarized 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: non-spendable, 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. It is used to account for all financial resources except those required to be accounted for in another fund. These discretionary funds are accounted for and reported according to the source (federal, state, or local) from which they are derived. In addition, the servicing of general long-term debt is accounted for in the General Fund because unrestricted resources are used to pay for the liabilities incurred by this fund. The General Fund is considered a Major Fund of the Council.

The following are brief descriptions of the programs and funding sources that comprise the Council's General Fund:

Local

Revenues such as property taxes, donations from the general public, funding from the local City-Parish government, income from various fund raising activities, and interest earned on invested idle funds have been recorded in the local program of the general fund. Expenses related to these activities as well as expenses not chargeable to specific programs are recorded in the local program. Local program funds are also transferred to other funds and programs to supplement their funding when needed. Most of the Council's fixed assets are acquired with local program funds.

EAST BATON ROUGE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PCOA (Primary Care for Older Adults)

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 "Act 735" funds at its discretion provided the program benefits people who are at least 60 years old.

NSIP (Nutritional Services Incentive Program)

NSIP funds are provided to the Council through the GOEA. These funds are used to defray the cost of providing meals under the congregate and home delivered meal programs.

Senior Activities

The Senior Activities fund is used to account for revenues and costs associated with senior activities. These activities include, but are not limited to craft classes held at senior centers, a consignment store that enables senior citizens to market their crafts, and sponsorship of the annual Senior Olympics.

Major 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 expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The Council has established several special revenue funds.

The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or non-major governmental fund:

Major Governmental Funds

Title III-B Supportive Services Fund

The Title III-B Supportive Services Fund is used to account for funds which are to provide a variety of social services; such as, information and assistance, access services, in-home services, community services, legal assistance, and outreach for people age 60 and older.

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to the elderly at strategically located meal sites in East Baton Rouge Parish.

Title III C-2 Fund

Title III C-2 Fund is used to account for funds that are used to provide nutritional, home-delivered meals to home bound older persons.

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program provides funding for community service centers where older persons can receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council operates eleven senior centers and four nutritional food sites in East Baton Rouge Parish, Louisiana.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonmajor Governmental Funds

Title III C Area Agency Administration (AAA) Fund

The Title III C Area Agency Administration (AAA) Fund is used to account for some of the administrative costs associated with operating the Special Programs for the Aging.

Title III D Fund

The Title III D Fund is used to account for funds that provide disease prevention and health promotion services. During the year, the Council provided wellness activities designed to support and/or improve the older person's mental and/or physical well-being including exercise/physical fitness classes and health screening sessions. The Council also provided medication management services, which included screening and educating older persons to prevent incorrect medications usage and adverse drug reactions.

Title III E Fund

The Title III E Fund is used to account for funds, which provide various caregiver support services. This includes public education, information and assistance, support groups, in-home respite care, and personal care services.

Supplemental Senior Center Fund

The Supplemental Senior Center Fund is used to account for the additional money appropriated by the Louisiana Legislature to supplement the primary state grant for senior centers. These funds are "passed through" the Governor's Office of Elderly Affairs.

Utility Assistance Fund

The Utility Assistance Fund is used to account for Project Care, which is sponsored by Entergy, a local utility company. Entergy collects contributions from service customers and employees and remits the funds directly to the Salvation Army. These funds are used to provide financial assistance to the elderly for the payment of their utility bills.

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.

Measurement focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "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 be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Interfund Activity

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

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

Cash and Cash Equivalents

Cash includes not only currency on hand, but also demand deposits with banks or other financial institutions. For the purposes of the Statement of Net Position, restricted cash amounts are those 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.

Receivables

The Council has established an allowance for doubtful accounts relating to its home delivered meal program based on management's assessment of collectability and prior experience. The Council does not charge interest on past due accounts. Customer accounts are charged off if management determines the outstanding balance is doubtful. At June 30, 2018, the allowance for doubtful accounts totaled \$45,325.

Prepaid Expenses

The Council has elected not to expense amounts paid for future services until those services are consumed to comply with the cost reimbursement terms of its grant agreements. The fund balances in the governmental fund types have been reserved for any prepaid expenses recorded in these funds to reflect the amount of fund balance not currently available for expenditure.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that 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. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. 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.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the assets estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	30 years
Building Improvements	20 years
Equipment	5-7 years
Vehicles	5 years
Computers	3 years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category of capital assets, management has used 10% of the vehicle's initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

Compensated Absences

The vacation year is from July 1 to June 30. Paid vacation leave is earned based on years of service. Vacation increases with each year of employment according to the schedule below. Full-time employees will accrue vacation time based on the number of hours the employee is paid during the pay period. The following schedule is based upon an employee being paid for 80 hours per pay period and denotes the maximum accrual per year based on length of service:

<u>Years of Service</u>	<u>-</u>	<u>Days Earned</u>
One to Five Years	-	5 days per year
Six to Ten Years	-	10 days per year
Ten plus Years	-	15 days per year

No more than 5 days of vacation leave may be carried over after June 30th each year. Payment of any vested vacation leave is made by the Council upon termination of an employee for any reason.

Generally accepted accounting principles require the accrual for vacation leave to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The Council recorded a liability as of June 30, 2018, for the accrued vacation for each employee at the employee's current rate of pay.

Generally accepted accounting principles require the accrual for sick leave if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement. Since the accumulated sick leave lapses upon termination, no amount has been accrued.

Management has estimated that the liability for accrued compensated absences will be paid from general fund expendable, available financial resources. Consequently, the total amount of accrued compensation is reported as a current accrued liability at the fund level.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Revenue Recognition

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting. Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income usually are both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenue are often difficult to measure; therefore, they are recorded as revenue in the period received.

Income Tax Status

The Council, a quasi-governmental entity, is exempt from federal income taxes under Section 501(C) (3) of the Internal Revenue Code (the Code), and is an organization that is not a private foundation as defined in section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

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

Net Position in the Government-wide Financial Statements

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

- *Net Investment in capital assets* – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end, the Council did not have any borrowings that were related to capital assets.
- *Restricted net position* – This component consists of net assets with 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 consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets." When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Council's usual policy is to use restricted resources first to finance its activities.

Fund Balance – Fund Financial Statements

Accounting standards require governmental fund balances to be reported in five categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- *Nonspendable* - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

The Council did not have any nonspendable funds as of year-end.

- *Restricted* - amounts for which constraints have been placed on the use of resources 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.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Council had restricted funds of \$95,962 at year-end.

- *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 funds 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 either the Council's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes.

The Council did not have any funds available to assign at 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.

The Council had an unassigned fund balance of \$5,402,109 at year-end.

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.

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. These indirect costs, including travel, operating services, operating supplies, and other administrative costs are allocated using a budget tool provided by the GOEA which is based primarily on the relationship of direct costs a program bears to the total direct costs of all programs.

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards Adopted

No new accounting standards were adopted during the year ended June 30, 2018.

B: CASH

The Council maintains a consolidated bank account that is available for use by all funds.

The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

The Council maintains another demand deposit account for making payroll disbursements. The Council has additional bank accounts, for investment of idle funds to reduce credit risks and for other administrative purposes.

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, the Council's policy is to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance. Accordingly, the Council's management obtained collateralization for deposits at financial institutions that exceed FDIC insurance.

Cash is reported at its carrying value, which equals its fair value. At June 30, 2018, no cash balances were restricted. The bank balances associated with these carrying values were \$5,940,748. None of the bank balances were exposed to credit risks.

C: RECEIVABLES ON FUNDING CONTRACTS

No amounts were due on funding contracts from the Governor's Office of Elderly Affairs at June 30, 2018.

D: CONTINGENCIES

East Baton Rouge Council on Aging is named as a defendant in several lawsuits seeking unspecified damages. The Council intends to vigorously defend these lawsuits and claims but Council management is unable to evaluate the outcome of these matters or estimate the amounts of any liabilities that may result from an unfavorable resolution.

E: DEFERRED COMPENSATION

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all Council employees and permits them to defer a portion of their salary until future years. Participation in the plan is at the employee's option.

The deferred compensation cannot be withdrawn by participating employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement No. 32, the Council does not carry the liability for deferred compensation or any related deposit or investment assets on its combined balance sheet. At June 30, 2018, the plan assets totaled \$44,996.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

F: CAPITAL ASSETS

A summary of changes to fixed assets for the year ended June 30, 2018, is as follows:

	<u>Balance</u> <u>06/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/18</u>
Capital assets:				
Vehicles	\$ 149,903	\$ 236,690	\$ (87,385)	\$ 299,208
Furniture and equipment	447,779	329,207	(100,759)	676,227
Leasehold improvements	402,107	29,815	(196,581)	235,341
Buildings	<u>127,535</u>	<u>-</u>	<u>-</u>	<u>127,535</u>
Total capital assets	1,127,324	595,712	(384,725)	1,338,311
Less accumulated depreciation:				
Vehicles	119,457	74,409	(87,385)	106,481
Furniture and equipment	330,364	157,972	(100,267)	388,069
Leasehold improvements	228,616	14,813	(190,000)	53,429
Buildings	<u>34,245</u>	<u>2,875</u>	<u>-</u>	<u>37,120</u>
Total accumulated depreciation	712,682	250,069	(377,652)	585,099
Capital assets, net of depreciation	<u>\$ 414,642</u>	<u>\$ 345,643</u>	<u>\$ (7,073)</u>	<u>\$ 753,212</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Congregate Meals	\$ 1,298
Home Delivered Meals	8,398
General Administration	<u>240,373</u>
Total depreciation expense – governmental activities	<u>\$ 250,069</u>

G: LINE OF CREDIT

On September 28, 2016, the Council opened a \$200,000 line of credit with Whitney Bank. The interest rate is variable at Prime plus 2.750%, which was 6.25% at June 30, 2018. The outstanding balance on the line of credit was due September 28, 2017.

	<u>Balance</u> <u>06/30/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/18</u>
Line of Credit	\$ 153,325	\$ 418,479	\$ 571,804	\$ -

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

H: DEBT

The following is a summary of transactions relating to the Council's long-term debt during the year.

	<u>Balance</u> <u>06/30/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/18</u>	<u>Short-term</u>
Accrued compensated absences	\$ 26,431	\$ 4,106	\$ -	\$ 30,537	\$ 30,537
Loans					
Note payable – American Gateway Bank	113,700	4,951	118,651	-	-
Note payable – Whitney Bank	-	300,000	300,000	-	-
	<u>\$ 113,700</u>	<u>\$ 304,951</u>	<u>\$ 418,651</u>	<u>\$ -</u>	<u>\$ -</u>

On July 10, 2014, the Council entered into a loan agreement with American Gateway Bank. The loan amount was \$150,000, with an interest rate of 6.0%. The Council will pay this loan in 59 regular payments of \$1,672 each and one irregular last payment of \$85,633 due on July 10, 2019, however it was paid in full as of June 30, 2018.

On December 13, 2017, the Council entered into a loan agreement with Whitney Bank. The loan amount was \$300,000, with an interest rate of 6.5%. The Council will pay this loan in 59 regular payments of \$5,882 each and one irregular last payment of \$5,883 due on December 13, 2022, however it was paid in full as of June 30, 2018.

Debt Service Requirements to Maturity

Interest paid on debt obligations amounted to \$30,179 for the year ended June 30, 2018.

I: LEASE COMMITMENTS

Operating Leases

On January 1, 2010, the Council entered into a lease with the City of Baton Rouge for the building that houses the Council's main office at 5790 Florida Boulevard, Baton Rouge, Louisiana. The lease is for a term of twenty-five years at no cost. The Council is responsible for utilities, normal repairs and maintenance, and providing liability, fire and casualty insurance in the amount of \$5 million.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

I: LEASE COMMITMENTS (Continued)

On May 5, 2014, the Council entered into a lease for the building that houses its bingo hall at 6955 Florida Boulevard, Baton Rouge, Louisiana. The lease is for a term of sixty months at \$8,300 per month. However, rentals for the first four months have been abated under an act of donation. The Council is responsible for utilities, normal repairs and maintenance, and providing general liability insurance in the amount of \$1 million.

The Council leases equipment under various leasing arrangements which qualify as operating leases. The lease payments are made on a monthly basis under scheduled terms that vary.

Management has estimated the future minimum lease payments under all of the non-cancellable lease agreements in effect at June 30, 2018 as follows:

Year ending June 30,	Amount
2019	\$ 104,774
2020	21,450
2021	11,300
	<u>\$ 137,524</u>

Rent expense related to these operating leases totaled \$115,939 for the year ended June 30, 2018.

J: IN-KIND DONATIONS

The Council received \$344,851 in various in-kind contributions during the year which have been valued at their estimated fair market value and presented in this report as revenue. Related expenditures, equal to the in-kind revenues, have also been presented, thereby producing no effect on net revenue.

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

The Council's main office facility was furnished by the City of Baton Rouge at no charge	\$ 225,504
Other Senior Center site facilities and health screening sites are furnished to the Council without charge	97,761
Other miscellaneous items furnished to the Council without charge	<u>21,586</u>
	<u>\$ 344,851</u>

The Council receives additional support through services contributed by volunteers that does not meet the criteria for recognition under generally accepted accounting principles because the Council would not hire additional paid employees to perform these services if volunteers were not available.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

L: BOARD OF DIRECTOR'S COMPENSATION

Service on the Board of Directors is voluntary and, therefore, members are not compensated in the form of per diem. Members of the Board are reimbursed for travel expenses.

M: EMPLOYEE BENEFITS

The Council maintains a cafeteria plan allowable under IRC Section 125 for its eligible full-time employees. Employees may elect to reduce compensation to pay for personal health and dental insurance.

N: ECONOMIC DEPENDENCY

The Council receives the majority of its revenue from property taxes, grants administered by the Louisiana Governor's Office of Elderly Affairs and quarterly allocations from the City of Baton Rouge, Louisiana. The grant amounts are appropriated each year by the federal, state, and local governments. However, management is not aware of any actions by Council funding sources that will adversely affect operations in the next fiscal year.

The Council receives support from a number of sources. Significant among those are the following, reflecting their percent of total revenues provided in fiscal year 2018:

Property taxes	75%
Governor's Office of Elderly Affairs	16%
City of Baton Rouge	3%

O: FEDERALLY ASSISTED AND OTHER GOVERNMENT PROGRAMS

Federal and state assistance programs represent an important source of funding for the Council. The federal programs are audited annually in accordance with the "Uniform Guidance". Other programmatic audits may be conducted by grantor agencies. Prior audits have not resulted in any significant disallowed costs. However, grantor agencies may conduct or require additional examinations which could result in the cancellation of grants or contracts, the disallowance of costs charged to the grant or require the repayment of any questioned costs identified, and such repayments may be material to the financial statements.

P: INTERFUND TRANSFERS

The Council provides support to its various programs in the form of transfers. Transfers in and out are listed by fund type for the year ended June 30, 2018:

Transfers In For:	Transfers Out From			
	General Fund	NSIP	Nonmajor Funds in the Aggregate	Total Transfers In
Title III B	\$ 209,065	\$ -	\$ -	\$ 209,065
Title III C-1	446,709	106,216	-	552,925
Title III C-2	1,053,601	57,193	-	1,110,794
Senior Center	382,935	-	59,307	442,242
Nonmajor Funds in the Aggregate	114,547	-	-	114,547
Total Transfers Out	\$ 2,206,857	\$ 163,409	\$ 59,307	\$ 2,429,573

EAST BATON ROUGE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

P: INTERFUND TRANSFERS (Continued)

Transfers are used to (a) move revenues from the fund that collects the funds as required under applicable statute or budget to the fund that expends the funds as required under applicable statute or budget, and (b) shift unrestricted revenues from the General Fund to finance program costs not covered by dedicated special revenues.

These transfers are eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

Q: INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of amounts due from and due to other funds at June 30, 2018:

	Due From	Due To
Senior Center Fund		
General Fund	\$ 11,562	\$ -
Title III B Fund		
General Fund	20,787	-
Title III C-1 Fund		
General Fund	3,106	-
Title III C-2 Fund		
General Fund	18,590	-
Nonmajor Fund in the aggregate		
General Fund	-	16,083
General Fund		
Title III B Fund	-	20,787
Title III C-1 Fund	-	3,106
Title III C-2 Fund	-	18,590
Senior Center Fund	-	11,562
Nonmajor Fund in the aggregate	16,083	-
Total General Fund	16,083	54,045
	\$ 70,128	\$ 70,128

Outstanding balances between funds reported as “due to/due from other funds” include charges by one fund to another for services and/or goods outstanding at year end and are expected to be settled within the next year.

Interfund receivables and payables are eliminated in the Government-Wide Financial Statements as a part of the consolidation process.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

R: AD VALOREM TAXES

Beginning in 2017, ad valorem taxes are levied on real property in East Baton Rouge Parish each year to finance the budget of the Council. Taxes are billed and collected by the East Baton Rouge Sheriff's Office.

The Parish of East Baton Rouge has established separate accounts for the Council on Aging. The activity of the Parish of East Baton Rouge/Council on Aging account for the year ended June 30, 2018 includes collection of the ad valorem tax of \$9,249,070, the payment of state retirement contributions in the amount of \$261,260, and the payment for ballot cost of \$19,472. The 10-year tax is scheduled to expire December 31, 2026.

The 2017 property tax calendar is as follows:

Levy date	November 22, 2016
Millage rates adopted	November 22, 2016
Tax bills mailed	November 29, 2017
Due date	December 31, 2017
Lien date	January 8, 2018

S: SUBSEQUENT EVENTS

Management has evaluated events through the date that the financial statements were available to be issued, December 28, 2018, and determined that no events have occurred that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Modified Accrual Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
City of Baton Rouge	\$ 436,000	\$ 436,000	\$ 436,000	\$ -
Governor's Office of Elderly Affairs:	324,025	351,188	112,000	(239,188)
Office of Homeland Security and Emergency Preparedness	-	-	6,563	6,563
Millage Tax	8,787,915	8,760,802	8,968,342	207,540
Taxes:				
Sales - Auto Rental	50,000	55,986	51,041	(4,945)
Public Support - restricted:				
Contributions	-	-	7,441	7,441
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	52,360	52,360
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	20,060	20,060
Utility Assistance - Entergy	-	-	-	-
Other	-	-	52,223	52,223
In-kind Contributions	-	-	225,504	225,504
Total revenues	<u>9,597,940</u>	<u>9,603,976</u>	<u>9,931,534</u>	<u>327,558</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	263,609	208,765	293,513	(84,748)
Fringe	618,428	371,676	99,585	272,091
Travel	33,810	8,096	192	7,904
Operating services	439,200	221,515	150,740	70,775
Operating supplies	-	-	107,493	(107,493)
Other cost	-	-	268,842	(268,842)
Kitchen operations	101,750	-	25,809	(25,809)
Capital outlay	-	-	595,712	(595,712)
Debt service:				
Principal retirement	87,500	-	118,651	(118,651)
Interest	-	-	30,179	(30,179)
Utility Assistance	-	-	-	-
Total expenditures	<u>1,544,297</u>	<u>810,052</u>	<u>1,690,716</u>	<u>(880,664)</u>
Excess (deficiency) of revenues over expenditures	<u>8,053,643</u>	<u>8,793,924</u>	<u>8,240,818</u>	<u>(553,106)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(2,206,857)	(2,206,857)
Total other financing sources (uses)	-	-	(2,206,857)	(2,206,857)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,033,961</u>	<u>\$ 6,033,961</u>
Fund balances				
Beginning of year			(631,852)	
End of year			<u>\$ 5,402,109</u>	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
TITLE III B - SUPPORTIVE SERVICES FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:	\$ 693,323	\$ 341,679	\$ 315,396	\$ (26,283)
City of Baton Rouge	-	-	-	-
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	-	-	-	-
In-kind Contributions	-	-	-	-
Total revenues	693,323	341,679	315,396	(26,283)
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	342,794	383,413	338,635	44,778
Fringe	48,135	65,836	129,723	(63,887)
Travel	7,303	12,592	14,347	(1,755)
Operating services	13,015	10,845	26,903	(16,058)
Operating supplies	-	-	-	-
Other cost	-	-	14,853	(14,853)
Kitchen operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	411,247	472,686	524,461	(51,775)
Excess (deficiency) of revenues over expenditures	282,076	(131,007)	(209,065)	(78,058)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	131,007	209,065	(78,058)
Operating transfers out	(282,076)	-	-	-
Total other financing sources (uses)	(282,076)	131,007	209,065	(78,058)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balances				
Beginning of year			-	
End of year			\$ -	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
TITLE III C-1 FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:	\$ 356,170	\$ 385,551	\$ 356,170	\$ (29,381)
City of Baton Rouge	-	-	-	-
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	18,449	18,449
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	-	-	-	-
In-kind Contributions	-	-	-	-
Total revenues	<u>356,170</u>	<u>385,551</u>	<u>374,619</u>	<u>(10,932)</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	207,833	167,709	388,283	(220,574)
Fringe	20,577	17,603	102,469	(84,866)
Travel	-	-	43	(43)
Operating services	-	-	60,833	(60,833)
Operating supplies	-	-	341,103	(341,103)
Other cost	-	-	13,340	(13,340)
Kitchen operations	196,800	117,906	21,473	96,433
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	<u>425,210</u>	<u>303,218</u>	<u>927,544</u>	<u>(624,326)</u>
Excess (deficiency) of revenues over expenditures	<u>(69,040)</u>	<u>82,333</u>	<u>(552,925)</u>	<u>(635,258)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	69,040	-	552,925	(552,925)
Operating transfers out	-	(82,333)	-	(82,333)
Total other financing sources (uses)	<u>69,040</u>	<u>(82,333)</u>	<u>552,925</u>	<u>(635,258)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances				
Beginning of year			-	
End of year			<u>\$ -</u>	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
TITLE III C-2 FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts Modified	Variance with Final Budget Favorable
	Original	Final	Accrual Basis	(Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
City of Baton Rouge	\$ 354,590	\$ 384,140	\$ 354,590	\$ (29,550)
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:			15,687	15,687
Paid meals	-	-	-	-
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	-	-	-	-
Total revenues	354,590	384,140	370,277	(13,863)
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	158,818	172,873	485,960	(313,087)
Fringe	8,652	30,726	84,484	(53,758)
Travel	-	-	79	(79)
Operating services	-	-	96,950	(96,950)
Operating supplies	-	-	748,150	(748,150)
Other cost	-	-	17,652	(17,652)
Kitchen operations	283,200	288,668	47,796	240,872
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
In-kind services and facilities	-	-	-	-
Total expenditures	450,670	492,267	1,481,071	(988,804)
Excess (deficiency) of revenues over expenditures	(96,080)	(108,127)	(1,110,794)	(1,002,667)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	96,080	108,127	1,110,794	(1,002,667)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	96,080	108,127	1,110,794	(1,002,667)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balances				
Beginning of year			-	
End of year			\$ -	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
SENIOR CENTER FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
City of Baton Rouge	\$ 441,889	\$ 441,889	\$ 382,851	\$ (59,038)
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	-	-	-	-
In-kind Contributions	-	-	119,347	119,347
Total revenues	441,889	441,889	502,198	60,309
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	262,446	194,151	287,099	(92,948)
Fringe	9,710	33,175	59,594	(26,419)
Travel	750	340	474	(134)
Operating services	25,000	-	126,004	(126,004)
Operating supplies	19,000	4,241	62,550	(58,309)
Other cost	25,000	56,871	408,719	(351,848)
Kitchen operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	341,906	288,778	944,440	(655,662)
Excess (deficiency) of revenues over expenditures	99,983	153,111	(442,242)	(595,353)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	442,242	(442,242)
Operating transfers out	(99,983)	(153,111)	-	(153,111)
Total other financing sources (uses)	(99,983)	(153,111)	442,242	(595,353)
Net increase in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balances				
Beginning of year			-	
End of year			\$ -	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
NSIP

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
City of Baton Rouge	\$ 163,409	\$ 163,409	\$ 163,409	\$ -
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	-	-	-	-
In-kind Contributions	-	-	-	-
Total revenues	163,409	163,409	163,409	-
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	-	-	-	-
Fringe	-	-	-	-
Travel	-	-	-	-
Operating services	-	-	-	-
Operating supplies	-	-	-	-
Other cost	-	-	-	-
Kitchen operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	163,409	163,409	163,409	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(163,409)	(163,409)	(163,409)	-
Total other financing sources (uses)	(163,409)	(163,409)	(163,409)	-
Net increase in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balances				
Beginning of year			-	
End of year			\$ -	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING

June 30, 2018

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

The Council used the following procedures to derive the budgetary data which has been presented in these financial statements:

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for each program's grant award. GOEA awards funds for fiscal periods ending June 30th.
- The City of Baton Rouge notifies the Council each year as to the amount included in the City-Parish budget for the Council. Because the City of Baton Rouge operates on a calendar year, its fiscal year will overlap the Council's fiscal year. Accordingly, the Council's management can predict with reasonable accuracy how much money the Council will have available for the first six months of its fiscal year. Management estimates the City's allocation for the last six months of the Council's fiscal year until the City notifies the Council of the exact allocation. Management will then incorporate the actual allocation amount into the Council's amended budget. Funds received from the City of Baton Rouge are unrestricted as to use by the Council on Aging.
- The Council may also obtain grants from agencies other than GOEA and the City of Baton Rouge, and the Council considers the potential revenues to be earned under those grants.
- Projections are made of revenues from other sources based on past trends and data available to form expectations of future revenues.
- The Council's management prepares a proposed budget based on the expected funding levels and then submits the budget to the Board of Directors for approval.
- The Board of Directors reviews and adopts the budget before May 31 of the current year for the next year.
- The adopted budget is forwarded to the Governor's Office of Elderly Affairs for the final approval.
- All budgetary appropriations for grants awarded the Council by GOEA lapse at the end of each fiscal year (June 30), except for N.S.I.P. Cash in lieu of Commodities funding which lapse at December 31st. Occasionally, the Council will receive a special project grant that may operate on a period different from the Council's normal fiscal year and, therefore, have a specified date where the budgetary appropriation will lapse.
- 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 amount and all subsequent amendments, which must also be adopted by the Board of Directors and approved by GOEA.

- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As part of its grants awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular cost category exceed the budgeted line item by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE GOEA

EAST BATON ROUGE COUNCIL ON AGING, INC.
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2018

	AAA Administration	Supplemental Senior Center	Title III D Wellness	Title III E Caregiver Support	Utility Assistance	Total
REVENUES						
Intergovernmental:						
City of Baton Rouge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office of Elderly Affairs	102,849	59,307	11,411	100,675	-	274,242
Public Support (restricted):						
Contributions	-	-	-	-	-	-
Public Support (unrestricted):						
Contributions	-	-	-	-	-	-
Fund raising	-	-	-	-	-	-
Program Service Fees:						
Paid meals	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Utility Assistance - Entergy	-	-	-	-	-	-
Other	-	-	-	-	-	-
In-kind Contributions	-	-	-	-	-	-
Total revenues	<u>102,849</u>	<u>59,307</u>	<u>11,411</u>	<u>100,675</u>	<u>-</u>	<u>274,242</u>
EXPENDITURES						
Health, Welfare, & Social Services:						
Current:						
Salaries and wages	50,591	-	-	148,831	-	199,422
Fringe	5,656	-	-	41,297	-	46,953
Travel	12	-	-	4,419	-	4,431
Operating services	35,822	-	-	13,384	-	49,206
Operating supplies	-	-	-	4,100	-	4,100
Other cost	10,768	-	12,000	2,602	-	25,370
Kitchen operations	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Utility Assistance	-	-	-	-	223	223
Total expenditures	<u>102,849</u>	<u>-</u>	<u>12,000</u>	<u>214,633</u>	<u>223</u>	<u>329,705</u>
Excess (deficiency) of revenues over expenditures	-	59,307	(589)	(113,958)	(223)	(55,463)
OTHER FINANCING SOURCES						
(USES)						
Operating transfers in	-	-	589	113,958	-	114,547
Operating transfers out	-	(59,307)	-	-	-	(59,307)
Total other financing sources (uses)	<u>-</u>	<u>(59,307)</u>	<u>589</u>	<u>113,958</u>	<u>-</u>	<u>55,240</u>
Net change in fund balance	-	-	-	-	(223)	(223)
Fund balances						
Beginning of year	-	-	-	-	96,185	96,185
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,962</u>	<u>\$ 95,962</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
COMPARATIVE SCHEDULE OF CAPITAL ASSETS
AND CHANGES IN CAPITAL ASSETS

Year ended June 30, 2018

	Balance June 30, 2017	Additions/ Adjustments	Deletions	Balance June 30, 2018
CAPITAL ASSETS				
Vehicles	\$ 149,903	\$ 236,690	\$ (87,385)	\$ 299,208
Office furniture and equipment	447,779	329,207	(100,759)	676,227
Leasehold improvements	402,107	29,815	(196,581)	235,341
Buildings	127,535	-	-	127,535
TOTAL CAPITAL ASSETS	\$ 1,127,324	\$ 595,712	\$ (384,725)	\$ 1,338,311
INVESTMENT IN CAPITAL ASSETS				
Property acquired with funds from:				
General fund	\$ 950,127	\$ 595,712	\$ (378,107)	\$ 1,167,732
RSVP	1,060	-	(1,060)	-
PCOA	3,558	-	(3,558)	-
Title III C-1	7,658	-	-	7,658
Title III C-2	47,921	-	-	47,921
Donations from the general public	117,000	-	(2,000)	115,000
TOTAL INVESTMENT IN CAPITAL ASSETS	\$ 1,127,324	\$ 595,712	\$ (384,725)	\$ 1,338,311

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE
UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND
AUDIT REQUIREMENTS FOR FEDERAL AWARDS**

EAST BATON ROUGE COUNCIL ON AGING, INC.
COMPARATIVE SCHEDULE OF CAPITAL ASSETS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	TOTAL FEDERAL EXPENDITURES
<u>United States Department of Health and Human Services</u>					
Passed through the Louisiana Governor's Office of Elderly Affairs:					
Special Programs for the Aging:					
Title III, Part B - Supportive Services and Senior Centers	93.044	720224	\$ 219,180	\$ 219,180	\$ 219,180
Title III, Part C - Area Agency Administration	93.045	720224	77,138	77,138	77,138
Title III, Part C-1 Nutrition Services Congregate Meals	93.045	720224	239,998	239,998	239,998
Title III, Part C-2 Nutrition Services Home Delivered Meals	93.045	720224	155,011	155,011	155,011
Total Title III, Part C			<u>472,147</u>	<u>472,147</u>	<u>472,147</u>
Nutrition Services Incentive Program	93.053	720106	163,409	163,409	163,409
Total Aging Cluster			<u>854,736</u>	<u>854,736</u>	<u>854,736</u>
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	720224	11,411	11,411	11,411
Title III, Part E - National Family Caregiver Program	93.052	720224	75,506	75,506	75,506
Medicare Improvements for Patients and Providers	93.518	2000143551	12,000	12,000	12,000
Total United States Department of Health and Human Services			<u>953,653</u>	<u>953,653</u>	<u>953,653</u>
<u>United States Department of Homeland Security and Emergency Preparedness</u>					
Passed through Louisiana Department of Homeland Security and Emergency Preparedness:					
Disaster Grant - Public Assistance	97.036	033-034C7-00	65,632	6,563	6,563
Total United States Department of Homeland Security and Emergency Preparedness			<u>65,632</u>	<u>6,563</u>	<u>6,563</u>
			<u>\$ 1,019,285</u>	<u>\$ 960,216</u>	<u>\$ 960,216</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

(1) BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the East Baton Rouge Council on Aging under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the East Baton Rouge Council on Aging, it is not intended to and does not present the financial position or changes in fund balances used in the preparation of the basic financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented.

(3) SUB-RECIPIENTS

The Council did not pass-through any of its federal awards to a sub-recipient during the year ended June 30, 2018.

(4) NON-CASH ASSISTANCE

No federal non-cash assistance was received or expended during the year ended June 30, 2018.

(5) RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

The expenditures listed in the accompanying schedule are reported in the following funds in the Council's basic financial statements. The Council receives both federal and state funding to support expenditures of its programs. Since program expenditures exceed federal revenues, the federal portion of program expenditures relate directly to the federal revenue received. These revenues are included within the intergovernmental revenues reported in the Statement of Revenue, Expenditures, and Changes in Fund Balances as follows:

Fund	Amount
General	\$ 83,701
Title III B	219,180
Title III C-1	239,998
Title III C-2	155,011
NSIP	163,409
Non-Major	98,917
	\$ 960,216

SUPPLEMENTARY INFORMATION

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2018

Chief Executive Officer/Title: Tasha Clark-Amar, Executive Director

Purpose	Amount
Salary	\$99,290
Benefits - insurance	4,855
Reimbursements	41
	<hr/>
	\$104,186
	<hr/>

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**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 of
East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the East Baton Rouge Council on Aging, Inc. (the Council), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise East Baton Rouge Council on Aging, Inc.'s basic financial statements and have issued our report thereon dated December 28, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-1.

East Baton Rouge Council on Aging, Inc.'s Response to Findings

The Council's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

L.A. Champagne + Co. L.L.P.

Baton Rouge, Louisiana

December 28, 2018

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of the
East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited East Baton Rouge Council on Aging, Inc.'s (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of East Baton Rouge Council on Aging, Inc.'s major federal programs for the year ended June 30, 2018. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Council, is responsible for establishing and maintaining effective internal controls over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of The Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

L.A. Champagne + Co. L.L.P.

Baton Rouge, Louisiana

December 28, 2018

EAST BATON ROUGE COUNCIL ON AGING, INC.
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of East Baton Rouge Council on Aging.
2. No significant deficiencies or material weaknesses in internal controls related to the audit of the financial statements are reported in the "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 *Governmental Auditing Standards*."
3. One instance of noncompliance, 2018-1 material to the financial statements of East Baton Rouge Council on Aging was disclosed during the audit.
4. There are no significant deficiencies in internal controls relating to the audit of the major federal award programs included in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance".
5. The auditor's report on compliance for the major federal award programs for East Baton Rouge Council on Aging expresses an unmodified opinion.
6. There are no audit findings relating to the major federal award programs for East Baton Rouge Council on Aging reported in Part C of this Schedule.
7. A management letter was not issued.
8. The program cluster tested as a major program is as follows:
 - U. S. Department of Health and Human Services
 - Aging Cluster - Special Programs for the Aging:
 - Title III-B – Supportive Services; CFDA 93.044
 - Title III-C- Nutrition Services; CFDA 93.045
 - N.S.I.P – Nutrition Services Incentive Program; CFDA 93.053
9. The threshold for distinguishing Types A and B programs was \$750,000.
10. East Baton Rouge Council on Aging was determined to be a high-risk auditee.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

COMPLIANCE

2018-1 Compliance with Operating Lease Terms

Condition: The Council's current fire and casualty insurance policy coverage is \$2.5 million. *This is a repeat finding from the prior year.*

Criteria: Under the terms of the Council's lease agreement with the City of Baton Rouge for the building that houses the Council's main office, the Council is responsible to maintain fire and casualty insurance coverage in the amount of \$5 million.

Effect: The Council has not complied with the terms of the lease agreement. Non-compliance with the lease terms may result in monetary penalties and potential termination of the agreement.

Cause: The Council was unable to obtain insurance coverage in the specified amount because coverage is limited by insurance underwriters to the value of the facility.

Auditor's Recommendation: The Council should try to renegotiate the terms of its lease agreement with the City of Baton Rouge to modify the insurance coverage requirement.

Management Response: The Council anticipates moving to another City-Parish facility under a new lease agreement. The Council has a signed Cooperative Endeavor Agreement with the City of Baton Rouge.

C: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Special Programs for the Aging – Title IIIB- Supportive Services; CFDA 93.044, Title IIIC – Nutrition Services; CFDA 93.045, and N.S.I.P. – Nutrition Services Incentive Program; CFDA 93.053, year ended June 30, 2018

COMPLIANCE

No findings or deficiencies noted



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December 28, 2018

East Baton Rouge Council on Aging respectfully submits the following corrective action plan for the year ended June 30, 2018.

Name and Address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.
4911 Bennington Avenue
Baton Rouge, LA 70808

Review period: fiscal year ended June 30, 2018

The findings from the fiscal year ended June 30, 2018 schedule of findings are discussed below. The findings are numbered consistently with the number assigned to the schedule.

FINANCIAL STATEMENT FINDINGS

COMPLIANCE

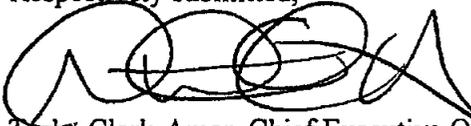
2018-1 Compliance with Operating Lease Terms

Condition: The Council's current fire and casualty insurance policy coverage is \$2.5 million. This is a repeat finding from the prior year.

Management Response: The Council anticipates moving to another City-Parish facility under a new lease agreement. However the Council has been unable to occupy the facility and negotiate a new lease because of renovation and construction delays. This matter cannot be resolved by action of the Council.

If there are any questions regarding this plan, please call me at 225-923-8000.

Respectively submitted,



Tasha Clark-Amar, Chief Executive Officer
East Baton Rouge Council on Aging, Inc.

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS
Year Ended June 30, 2018

FINANCIAL STATEMENT FINDINGS

2017-1 Compliance with Operating Lease Terms

Repeated in current year findings as item 2018-1.

2017-2 Legislative Auditor Investigative Audit

Resolved in current period. Controls have been implemented to address the items noted in the investigative audit.

**EAST BATON ROUGE
COUNCIL ON AGING, INC.**

STATEWIDE AGREED UPON PROCEDURES

JUNE 30, 2018

L.A. CHAMPAGNE 
The logo consists of a black square containing the text "&Co." in a white serif font, with "LLP" in a smaller white serif font directly below it.

Certified Public Accountants

4911 BENNINGTON AVENUE, BATON ROUGE, LOUISIANA 70808-3153
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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by East Baton Rouge Council on Aging, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The 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:

Collections

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

Management provided a listing of deposit sites and representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.

Management provided a listing of collection locations and representation that the listing is complete. Randomly selected one collection location, noting that employees responsible for cash collections do not share a cash register.

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

Management provided a listing of collection locations and representation that the listing is complete. Randomly selected one collection location, noting that employees responsible for collecting cash are not responsible for preparing bank deposits.

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

Management provided a listing of collection locations and representation that the listing is complete. Randomly selected one collection location, noting that employees responsible for collecting cash are not responsible for posting collections to the general ledger.

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

Management provided a listing of collection locations and representation that the listing is complete. Randomly selected one collection location, noting that employees responsible for reconciling cash collections to the general ledger are not responsible for collecting cash.

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

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

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

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

Obtained supporting documentation for selected deposits and no exceptions were noted.

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

Obtained supporting documentation for selected deposits and traced documentation to the deposit slips.

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

Obtained supporting documentation for selected deposits and traced documentation to the bank statement.

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

Obtained supporting documentation for selected deposits and noted that deposits were made within one business day of receipt.

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

Obtained supporting documentation for selected deposits and traced documentation to the general ledger.

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

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

Management provided a listing of locations that processes payments for the fiscal period and representation that the listing is complete.

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

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

Management provided a list of employees involved in non-payroll purchasing and the payment function and noted that at least two employees are involved in initiating, approving, and placing an order.

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

Management provided a list of employees involved in non-payroll purchasing and the payment function and noted that at least two employees are involved in processing and approving payments to vendors.

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

Management provided a list of employees involved in non-payroll purchasing and the payment function and noted that the account specialist is responsible for adding/modifying vendor files and there is no procedure in place for another employee to periodically review changes to vendor files.

Management response: In January 2018, the accounting department hired three additional staff employees. Until such time, we did not have the personnel to delegate this responsibility to anyone not directly involved with the payment process. The procedure has been changed so that our Budget Analyst, who had no functions in the payment process, can add/modify vendor files.

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

Management provided a list of employees involved in non-payroll purchasing and the payment function and noted that signed checks are given to the account specialist, who is also responsible for processing payments.

Management response: In January 2018, the accounting department hired three additional staff employees. Until such time, we did not have the personnel to delegate this responsibility to anyone not directly involved with the payment process. The procedure has been changed so that our Budget Analyst, who had no functions in the payment process, will be responsible for mailing out checks after they have been signed.

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

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

Management provided non-payroll disbursements and representation that the list was complete. Randomly selected 5 disbursements and obtained supporting documentation and noted that the disbursements matched the related invoice.

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

Management provided non-payroll disbursements and representation that the list was complete. Randomly selected 5 disbursements and obtained supporting documentation and noted that the disbursements documentation included evidence of segregation of duties.

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

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

Management provided a list of all active credit cards for the fiscal period and representation that the list was complete.

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

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

Obtained monthly statements and supporting documentation for selected cards and noted that the monthly statement and supporting documentation was reviewed and approved by someone other than the authorized card holder.

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

Obtained monthly statements and supporting documentation for selected cards and noted that there were no late fees or finance charges assessed.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Randomly selected 10 transactions from the monthly statements selected under step 12 and noted that all credit card transactions were supported by an original itemized receipt.

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.

L.A. Champagne & Co., L.L.P.

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Baton Rouge, LA

December 28, 2018