

Financial Report

Lafourche Council on Aging, Inc.
Mathews, Louisiana

June 30, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lafourche Council on Aging, Inc.
Mathews, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lafourche Council on Aging, Inc., Mathews, Louisiana, (the Council) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 18) and budgetary comparison information (pages 62 through 65) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "T.S. Kearns & Co.", is positioned above the printed name of the firm.

T.S. Kearns & Co., CPA, PC
Thidodaux, Louisiana
December 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafourche Council on Aging, Inc.

Fiscal Year Ended June 30, 2019

The Management's Discussion and Analysis of the Lafourche 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, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements, which follow this section.

Financial Highlights

- The Council showed a decrease in overall net position of \$76,905 or about 1.8%.
- Net investment in capital assets of the Council increased by \$2,649 or about 1%.
- Administrative expenses increased by \$7,233 this year or about 1.6%.
- The unassigned fund balance for the Council's General Fund decreased by \$85,597 this year, which is about a 2% decrease from the prior year.
- Fund revenues decreased by \$33,841 or about 1%.
- Fund expenditures decreased \$163,741 or about 5%.
- No deficit fund balances existed at year-end.
- The Council has no long-term debt.

How to Use This Annual Report

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

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

On page 74 of this reporting package is a second auditor's report. This report is on the Council's compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*. In this report the auditor did not identify any deficiencies in internal control over financial reporting that he considered to be material weaknesses. In addition, the auditor stated that his tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements, which present different views of 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 report the Council's net position and changes in them.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

However, to assess the overall financial position of the Council, the user must also consider non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

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

All of the Council's significant activities are reported in the Statement of Activities, including a Health, Welfare, and Social Services function and an Administration function. The Health, Welfare, and Social Services function is comprised of five distinct programs that include supportive services, nutritional services, family caregiver support, disease prevention and health promotion, and senior citizens center operations. There is also a line item for *Other Services and Activities*, which consists of a variety of services that individually do not represent very large expenditures. Subprogram activities are also presented, in some cases, to help the reader analyze the Council's operations in more detail.

All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from 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 (Exhibits C and D)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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 fund balance sheet (Exhibit C) presents a reconciliation between net position of governmental activities and fund balances of the governmental funds. A reconciliation between the change in fund balances for the governmental funds and the change in net position for the governmental activities is presented in Exhibit E.

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

The general fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Council's general fund receives general revenue primarily from a property tax, some GOEA grants, and public donations. General funds are often transferred to special revenue funds to help pay for expenditures that exceed their fund revenues.

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

The Council has presented the General Fund, Title III B Fund, Title III C-1 Fund, and Title III C-2 Fund as *major* governmental funds. All *nonmajor* governmental funds are presented in one column on the fund financial statements, titled *Nonmajor Funds*. A combining Schedule of Revenues, Expenditures, and Changes in Fund Balance of the nonmajor governmental funds can be found on page 70.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 26 of this report. They 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 62 to 65). The schedules compare the original and final (if the original budget is amended) budgets to actual results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

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

SUPPLEMENTARY FINANCIAL INFORMATION FOR GOEA ANALYSIS

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present a combining schedule that provides details about nonmajor governmental funds and a schedule containing details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council (See pages 70 and 71).

SUPPLEMENTARY INFORMATION REQUIRED BY STATE LAW

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

objective is to make the Council's expenditures more transparent.

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

Condensed Statement of Net Position

	2019	2018	Increase (Decrease)
Current and Other Assets:			
Current Assets	\$ 3,980,900	\$ 4,063,330	\$ (82,430)
Other Assets	7,545	7,545	-
Capital Assets, net of depreciation	306,568	303,919	2,649
Total Assets	<u>4,295,013</u>	<u>4,374,794</u>	<u>(79,781)</u>
Current Liabilities	<u>33,834</u>	<u>36,710</u>	<u>(2,876)</u>
Total Liabilities	<u>33,834</u>	<u>36,710</u>	<u>(2,876)</u>
Net Position:			
Net Investment in Capital Assets	306,568	303,919	2,649
Restricted	299	472	(173)
Unrestricted	<u>3,954,312</u>	<u>4,033,693</u>	<u>(79,381)</u>
Total Net Position	<u>\$ 4,261,179</u>	<u>\$ 4,338,084</u>	<u>\$ (76,905)</u>

As noted earlier, net position may serve over time as a useful indicator of the Council's financial position. The Council's net position at the end of this year was \$4,261,179, whereas net position as of the end of last year was \$4,338,084. The net position amount as of June 30, 2019 represents a decrease of about 1.8% from last year.

About 93% of the Council's net position is unrestricted at the end of this year which is the same as last year. Unrestricted assets are important because they provide management the necessary resources to adapt to changes in the economy, emergencies, unexpected needs, and reduction in or termination of grant revenues by governmental agencies.

Restricted net position is less than 1% of total net position as of June 30, 2019 and 2018. Net position is reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The net investment in the capital assets portion of net position is presented net of any related outstanding debt to acquire them. There is, however, no debt to be subtracted from the capital assets.

The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps assure that management will stay within its financial means so that future revenues will be spent for client services instead of debt service. Net investment in capital assets represents about 7% of total net position at the end of this year which is the same as last year.

Current assets decreased by \$82,430 this year. At June 30, 2019 about 99% of the Council's current assets are in cash. The Council's cash at June 30, 2019 is \$80,447 less than cash at June 30, 2018.

The table presented below illustrates a summarized or condensed presentation of the revenues and expenses that caused the change in net position for FY 2019 and FY 2018, respectively.

<u>Revenues</u>	2019	% of Total	2018	% of Total
Program Revenues:				
Operating Grants and Contributions	\$ 770,718	27.27%	\$ 742,405	25.92%
Capital Grants and Contributions	105,350	3.73%	255,793	8.93%
Charges for Services	1,786	0.06%	912	0.03%
General Revenues:				
Property Taxes, net of pension withholding	1,835,757	64.94%	1,749,513	61.09%
Unrestricted Grants and Contributions	103,232	3.65%	108,024	3.77%
Interest Income	9,860	0.35%	7,101	0.25%
Total Revenues	\$ 2,826,703	100.00%	\$ 2,863,748	100.00%
<u>Direct Program Expenses of the Health, Welfare, and Social Services Function:</u>				
Supportive Services	1,418,893	48.87%	1,432,955	49.53%
Nutrition Services	854,027	29.41%	850,176	29.39%
Family Caregiver Support	105,032	3.62%	102,963	3.56%
Disease Prevention and Health Promotion	7,894	0.27%	5,623	0.19%
Senior Citizens Center Operations	39,522	1.36%	35,919	1.24%
Other Services and Activities	31,428	1.08%	25,619	0.89%
Direct Administrative Expenses	446,812	15.39%	439,579	15.20%
Total Expenses	\$ 2,903,608	100.00%	\$ 2,892,834	100.00%
Increase (Decrease) in Net Position	(76,905)		(29,086)	
Net Position beginning of the year	4,338,084		4,367,170	
Net Position end of the year	\$ 4,261,179		\$ 4,338,084	

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

Governmental activities decreased the Council's net position by \$76,905 this year whereas it decreased net position by \$29,086 last year.

The largest source of revenue in both years was from a local property tax. The gross proceeds of the property tax were \$1,895,843 for 2019 (\$1,806,397 for 2018). However, the Lafourche Parish Sheriff withheld \$60,086 (\$56,884 for 2018) of the gross proceeds to pay for the Council's pro-rata share of various retirement plan expenses for other governmental agencies. As a result, the Council received net property tax proceeds of \$1,835,757 (\$1,749,513 for 2018).

In the Statement of Activities the net proceeds of the property taxes have been presented as general revenues because this money can be used to benefit any of the Council's programs. Further, management has elected to offset the gross property tax amount with the amount kept by the Sheriff rather than add it to the Council's administrative expenses because it is not a true administrative expense of the Council.

In both years, the second largest source of revenue is comprised of operating grants and contributions. These revenues must be used for the purposes for which they were given or granted to the Council.

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

When reviewing the government-wide Statement of Activities (Exhibit B), there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest program activities are supportive services and nutrition services. 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 Governmental Activities* column wherein the Council shows that all of the governmental activities have more expenses than revenues. In other words, the Council's programs are generally not self-supporting. However, on occasion, a program might *break even* or even make a slight *profit*. The Council's ability to support all governmental activities rely heavily on general revenues, particularly the local property tax. As a result, management prepares the annual budget based on this expectation, which means that

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

general revenues will be used to cover the excess of expenses over revenues in these activities. Without the property tax revenues and unrestricted grants and contributions, the Council would be unable to provide services at current levels. Furthermore, the general nature of these revenues allows for management discretion as to how to use them to pay for the Council's current services, as well as reallocating them to meet changing demands.

An indication of how money is used efficiently or inefficiently can be gained by comparing the amount of administration costs from year-to-year, as well as calculating the percentage administration expenses bears in relation to total expenses. For this year, total administration expenses were \$446,812 or about 15% of total expenses whereas last year's administration expenses were \$439,579, or about 15% of total expenses. These percentages are within the range that management expected and are better than the average for a typical council on aging. Administration expenses include indirect-type costs, which are costs not specifically identified with a particular program but those that benefit all programs.

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

Fund Balances

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances for all fund types of \$3,987,433, a decrease of \$79,028 when compared to last year. The Council's total General Fund balance decreased by \$79,028 during the current fiscal year, while the combined fund balances of the Special Revenue Funds had zero change for the year. The unassigned fund balance component of the General Fund was \$3,961,800 and is available for spending at management's discretion. The remainder of the General Fund balance is split between nonspendable (\$18,808), restricted (\$299) and assigned (\$6,526).

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Revenues

The combined fund revenues decreased by \$33,841 this year versus last year, as shown in the table below.

	FY 2019	% of 2019 Total	FY 2018	% of 2018 Total	Increase / (Decrease)	
					Amount	Percent
Property Taxes	\$ 1,895,843	65.67%	\$ 1,806,397	61.85%	\$ 89,446	4.95%
Intergovernmental	829,341	28.73%	951,698	32.59%	(122,357)	-12.86%
Public Support	149,914	5.19%	154,494	5.29%	(4,580)	-2.96%
Program Service Fees	1,786	0.06%	912	0.03%	874	95.83%
Interest Income	9,860	0.34%	7,101	0.24%	2,759	38.85%
Miscellaneous	46	0.00%	29	0.00%	17	0.24%
Total Revenues	<u>\$ 2,886,790</u>	<u>100.00%</u>	<u>\$ 2,920,631</u>	<u>100.00%</u>	<u>\$ (33,841)</u>	<u>-1.16%</u>

Property tax revenue increased by \$89,446 this year. The usual trend is that the assessed value for the taxable property in the parish increases each year, which produces an increase in the property tax revenue. However, for FY 2019 the assessed value of taxable property actually decreased by \$7,661,949. This decrease in taxable property was more than offset by the Council electing to assess the full 2.0 mills for FY 2019 rather than remain at 1.91 mills, which was the tax rate used for FY 2018. Accordingly, this is why the tax revenues increased this year.

Intergovernmental revenues decreased by \$122,357 primarily due to a decrease of \$150,443 in capital grant revenue from Louisiana Department of Transportation and Development (DOTD). This type of revenue is not a consistent source of revenue and only arises in years when vans are acquired using DOTD grant funds. The Council received \$28,086 more in funds from GOEA, which served to partially offset the large decrease in funding from DOTD.

Public support decreased this year by \$4,580 because of a decrease in contributions from clients (\$2,323) and the general public (\$2,257). The Council has no control over this type of revenue because it is voluntarily given.

Program service fees increased this year by \$874 due an increase in the volume of people receiving transportation services who were required to pay for this service.

Interest income increased this year by \$2,759 due to the Council receiving more interest from the Sheriff on his collection of past due property taxes and an increase in the interest rate paid on cash in the Council's savings account.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Miscellaneous income is not significant so there is nothing noteworthy to discuss.

Expenditures

Total expenditures decreased by \$163,741 this year, as shown in the table below.

	% of 2019		% of 2018		Increase / (Decrease)	
	2019	Total	2018	Total	Amount	Percent
Personnel	\$ 1,455,950	49.09%	\$ 1,397,591	44.66%	\$ 58,359	4.18%
Fringe	368,853	12.44%	409,866	13.10%	(41,013)	-10.01%
Travel	77,631	2.62%	75,739	2.42%	1,892	2.50%
Operating Services	160,385	5.41%	156,294	4.99%	4,091	2.62%
Operating Supplies	109,693	3.70%	106,874	3.41%	2,819	2.64%
Other Costs	63,303	2.13%	69,504	2.22%	(6,201)	-8.92%
Full Service	194,811	6.57%	177,204	5.66%	17,607	9.94%
Meals	329,151	11.10%	319,997	10.22%	9,154	2.86%
Utility Assistance	5,187	0.17%	8,275	0.26%	(3,088)	-37.32%
Specific Assistance - Individuals	1,365	0.05%	1,228	0.04%	137	11.16%
Lawsuit & Claims Settlements	17,611	0.59%	49,385	1.58%	(31,774)	-64.34%
Capital Outlay	121,792	4.11%	300,718	9.61%	(178,926)	-59.50%
Intergovernmental	60,086	2.03%	56,884	1.82%	3,202	5.63%
	<u>\$ 2,965,818</u>	<u>100.00%</u>	<u>\$ 3,129,559</u>	<u>100.00%</u>	<u>\$ (163,741)</u>	<u>-5.23%</u>

This year's **personnel expenditures** increased by \$58,359 or about 4% and are well within management's expectations. For 2019 the Council gave an *across the board* raise of about 2% to its employees. In addition, for those employees who had been in their current position for at least one year and who also received a good review the Council gave them a 1% merit raise. The Council typically employs about 92 people at any given time throughout the year.

The decrease of \$41,013 in **fringe benefit expenditures** this year resulted primarily from (1) a net decrease (\$30,118) in worker's compensation insurance premiums, (2) a decrease (\$15,019) in health insurance premiums, and (3) an increase in FICA tax expense (\$4,258) for the Council's employees.

This year's **travel expenditures** are \$1,892 more than last year's travel expenditures. This increase is not very much overall and varies each year based on the demand for homemaker and home-delivered meals services.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Operating service expenditures experienced changes throughout all subcategories with a net increase of \$4,091. Some of the more notable increases are an overall increase in insurance premiums (\$11,493), an increase (\$4,314) in advertising, and an increase (\$3,370) in legal expenditures. These increases were offset by the following decreases: (1) \$5,712 to equipment maintenance, (2) \$3,954 to telephone, (3) \$1,345 to licenses and fees, (4) \$1,223 to dues and subscriptions, and (5) \$1,127 to printing.

Operating supplies expenditures increased \$2,819 this year primarily due to increases in operating supplies (\$6,046) and office supplies (\$1,175). However, these increases were offset by a decrease in auto supplies (\$4,402).

Other costs decreased \$6,201 this year primarily due to a decrease in professional services (\$4,023) and a decrease in training and conferences (\$2,290).

Full service costs increased this year by \$17,607 primarily because the Council increased personal care services (\$10,396), in-home respite services (\$3,297), wellness services (\$2,271), and medic alert services (\$1,705).

Meal expenditures increased by \$9,154 this year. The number of home-delivered meals provided this year was 88,417 whereas it was 89,424 last year. The number of congregate meals served this year was 24,840 versus 22,948 last year.

Utility assistance expenditures decreased by \$3,088 this year. This type of expenditure increases or decreases based on the demand for this service each year.

Specific assistance to individuals increased \$137 this year simply because demand for this service increased when compared to last year.

Lawsuit and claims settlements decreased \$31,774 this year because the nature and extent of the damages involving the accident claims made against the Council required less money to settle them. Last year the Council paid \$25,000 as one lump sum to settle an outstanding lawsuit, whereas it did not have a transaction of this magnitude this year. The Council has a \$75,000 deductible on its vehicle liability insurance so management expects that the Council will have to pay settlements out-of-pocket from time-to-time.

Capital outlay expenditures decreased \$178,926 this year when compared to last year primarily

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

because the Council only acquired two new vans (\$121,791) this year as compared to having acquired three vehicles (\$299,504) plus a new computer (\$1,214) last year.

Intergovernmental expenditures increased \$3,202 this year. The Council's management has no control over this expenditure, which represents the Council's pro-rata share of the costs of retirement plans of other governmental entities. As the amount of property tax revenue increases so does this intergovernmental expenditure.

AN ANALYSIS OF THE GENERAL FUND BUDGET

The budget was amended once during the year. The primary reasons for amending the budget were to prevent compliance violations under the Council's grants from GOEA and to consider the effects of unexpected increases and decreases in revenues, expenditures, and transfers.

The budgetary comparison schedule for the General Fund is on page 62. When you review this schedule, you will note that the original budget anticipated an excess of expenditures and other uses over revenues and other sources of \$203,261, whereas the final, amended budget reduced this operating deficit to \$8,537. However, when the budgeted operating deficit is compared to the actual results for the year, the excess of expenditures and other uses over revenues and other sources was \$79,028, which produced an overall net unfavorable variance of \$70,491. The primary reasons for this unfavorable operating variance are as follows:

- Property tax revenues were \$27,482 less than expected mainly because poor economic conditions for the oil & gas industry resulted in many businesses going broke. As a result, the Council wrote-off \$23,822 in uncollectible property taxes this year.
- Transfers out to other programs and funds were \$60,219 more than anticipated mainly because higher service demands in the programs of the various special revenue funds caused the Council to have to transfer more general fund type money into these programs to cover their operating deficits.

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

The noteworthy changes between the original budget and the amended budget are as follows:

- The amount of grant money the Council received from DOTD to acquire new vehicles was decreased by \$251,062 to match what the Council actually received

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

in grant funds relating to the acquisition of the new vehicles.

- The amount budgeted for lawsuits and claims settlements was reevaluated at the time the budget amendment was being prepared and, based on current information, the need for funds in this area was much less than originally anticipated. As a result, management decreased the expected costs for this line item by \$120,000.
- Capital outlay expenditures were decreased by \$252,591 to consider the effects of how many vehicles were actually acquired.
- Transfers out were decreased by \$159,009 to consider the spending trends that had occurred in the various special revenue funds as of the date of the amendment plus what management estimated might occur for the remainder of the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Council's investments in capital assets for its governmental activities as of the end of this year and last year are illustrated in the following table.

Capital Assets, Net of Depreciation

	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>
Vehicles	\$ 304,186	\$ 300,890	\$ 3,296
Furniture and equipment	2,382	3,029	(647)
	<u>\$ 306,568</u>	<u>\$ 303,919</u>	<u>\$ 2,649</u>

This year the Council purchased two (2) new transportation vehicles. At year-end, the Council owned twenty-one vehicles, eleven of which are fully depreciated. For FY 2020 the Council anticipates acquiring two vehicles, which are expected to cost about \$53,000 each. FTA will pay for 85% of each vehicle and the Council's share of each vehicle's cost will be 15%.

Debt Administration

The Council has no long-term debt. Management does not like to incur debt as a matter of good financial stewardship.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- Consideration of the proceeds to be received from property tax revenues.
- Consideration of other funding from the GOEA, other grants and private contributions.
- Salaries based on the number of employees needed to provide services and the related fringe benefits.
- The extent of travel reimbursements.
- The demand for particular services the Council provides and related costs.
- Estimate of operating supplies needed to perform necessary services.
- The need to purchase new or replacement vehicles and other capital assets.
- The possible damages for unknown lawsuit and claims settlements as well as an estimate to settle those that were in process at year-end.

Next year's budgeted revenues are \$2,945,365 and budgeted expenditures are \$3,283,812. Accordingly, the Council is budgeting an operating deficit of \$338,447. The Council has a sufficient unassigned fund balance that allows it to budget a deficit for next year. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for next year.

The Council receives most of its annual funding from federal, state, and local agencies and its property tax. Management is not aware of any significant increases or decreases associated with any of the usual revenue sources that will impact next year's budget.

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide governmental agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact:

Charlene R. Rodriguez, Executive Director
P. O. Box 500
Raceland, LA 70394
985-532-0459 or lafcoadirector@viscom.net

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Exhibit A

**Statement of Net Position
Lafourche Council on Aging, Inc.
Mathews, Louisiana
June 30 , 2019**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 3,951,574
Receivables:	
Lafourche Parish Sheriff - property taxes	17,980
Other sources	83
Prepaid expenses	<u>11,263</u>
Total current assets	3,980,900
Workman's compensation insurance security deposit	7,520
Storage unit deposit	25
Capital assets, net of accumulated depreciation	<u>306,568</u>
Total Assets	<u><u>4,295,013</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	148
Due to employees	157
Payroll withholdings	707
Compensated absences	<u>32,822</u>
Total current liabilities	<u><u>33,834</u></u>
<u>NET POSITION</u>	
Net investment in capital assets	306,568
Restricted for utility assistance	299
Unrestricted	<u>3,954,312</u>
Total Net Position	<u><u>\$ 4,261,179</u></u>

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

Statement of Activities

Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2019

Functions/Programs	Direct Expenses	Indirect Expenses	Program Revenues			Net Revenue (Expense) and Increase (Decrease) in Net Position	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Governmental Activities							
Health, Welfare & Social Services:							
Supportive Services:							
Transportation	\$ 735,435	\$ 142,726	\$ 1,786	\$ 94,166	\$ 105,350	\$ (676,859)	
Homemaker	525,790	120,561	0	62,745	0	(583,606)	
Legal Assistance	5,235	0	0	5,235	0	0	
Information and Assistance	49,151	7,552	0	2,386	0	(54,317)	
Material Aid	10,273	2,343	0	740	0	(11,876)	
Medical Alert	11,660	0	0	845	0	(10,815)	
Outreach	3,334	555	0	175	0	(3,714)	
Utility Assistance	13,379	1,672	0	1,965	0	(13,086)	
Personal Care	64,636	0	0	4,704	0	(59,932)	
Nutrition Services:							
Congregate Meals	296,282	51,110	0	149,037	0	(198,355)	
Home Delivered Meals	557,745	68,177	0	283,436	0	(342,486)	
Family Caregiver Support	105,032	198	0	40,193	0	(65,037)	
Disease Prevention and Health Promotion	7,894	0	0	7,857	0	(37)	
Senior Citizens Center Operations	39,522	9,007	0	48,481	0	(48)	
Other Services and Activities	31,428	2,070	0	27,910	0	(5,588)	
Administration	446,812	(405,969)	0	40,843	0	0	
Total governmental activities	\$ 2,903,608	\$ 0	\$ 1,786	\$ 770,718	\$ 105,350	\$ (2,025,754)	
General Revenues:							
Property taxes, net of \$60,086 withheld by the Sheriff for pensions					1,835,757		
Grants and contributions not restricted to specific programs					103,232		
Interest Income					9,860		
Total general revenues						1,948,849	
Increase (Decrease) in net position						(76,905)	
Net position - beginning of the year						4,338,084	
Net position - end of the year						\$ 4,261,179	

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

FUND FINANCIAL STATEMENTS

**Fund Balance Sheet
Governmental Funds**

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
June 30, 2019**

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash	\$ 3,950,839	\$ 712	\$ 9	\$ 12	\$ 2	\$ 3,951,574
Receivables:						
Lafourche Parish Sheriff - property taxes	17,980	0	0	0	0	17,980
Other sources	83	0	0	0	0	83
Due from other governmental funds	662	0	0	0	0	662
Prepaid expenditures	11,263	0	0	0	0	11,263
Workman's compensation insurance security deposit	7,520	0	0	0	0	7,520
Storage unit deposit	25	0	0	0	0	25
Total Assets	\$ 3,988,372	\$ 712	\$ 9	\$ 12	\$ 2	\$ 3,989,107
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	75	50	9	12	2	148
Due to employees	157	0	0	0	0	157
Payroll withholdings	707	0	0	0	0	707
Due to other governmental funds	0	662	0	0	0	662
Total Liabilities	939	712	9	12	2	1,674
Fund Balances						
Nonspendable	18,808	0	0	0	0	18,808
Restricted for Utility Assistance	299	0	0	0	0	299
Assigned for Utility Assistance	6,526	0	0	0	0	6,526
Unassigned	3,961,800	0	0	0	0	3,961,800
Total Fund Balances	3,987,433	0	0	0	0	3,987,433
Total Liabilities and Fund Balances	\$ 3,988,372	\$ 712	\$ 9	\$ 12	\$ 2	
Amounts reported for governmental activities in the statement of net position are different because:						
- Compensated absences are not paid for out of current financial resources and therefore are not reported as liabilities in the governmental funds						(32,822)
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds						306,568
Net Position of Governmental Activities						\$ 4,261,179

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds**

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2019**

	<u>General Fund</u>	<u>Title III B Fund</u>	<u>Title III C-1 Fund</u>	<u>Title III C-2 Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 121,335	\$ 136,918	\$ 121,008	\$ 199,563	\$ 145,167	\$ 723,991
La. Dept of Transportation & Development	105,350	0	0	0	0	105,350
Property Taxes	1,895,843	0	0	0	0	1,895,843
Public Support (Restricted):						
Client contributions	0	34,607	28,029	83,873	180	146,689
Others	1,802	0	0	0	0	1,802
Public Support (Unrestricted)	1,423	0	0	0	0	1,423
Program Service Fees	0	1,786	0	0	0	1,786
Interest Income	9,860	0	0	0	0	9,860
Miscellaneous	46	0	0	0	0	46
Total revenues	<u>2,135,659</u>	<u>173,311</u>	<u>149,037</u>	<u>283,436</u>	<u>145,347</u>	<u>2,886,790</u>
<u>EXPENDITURES</u>						
Health, Welfare, & Social Services:						
Current:						
Personnel	44,295	947,582	204,828	223,674	35,571	1,455,950
Fringe	12,491	275,621	33,645	42,525	4,571	368,853
Travel	89	29,341	734	47,184	283	77,631
Operating Services	4,847	103,489	18,586	25,638	7,825	160,385
Operating Supplies	853	84,331	8,799	15,435	275	109,693
Other Costs	11,298	33,618	6,945	10,430	1,012	63,303
Full Service	0	83,206	0	0	111,605	194,811
Meals	0	0	72,497	256,654	0	329,151
Utility Assistance	5,187	0	0	0	0	5,187
Specific Assistance to Individuals	1,365	0	0	0	0	1,365
Lawsuit and Claims Settlements	17,611	0	0	0	0	17,611
Capital Outlay	121,792	0	0	0	0	121,792
Intergovernmental	60,086	0	0	0	0	60,086
Total expenditures	<u>279,914</u>	<u>1,557,188</u>	<u>346,034</u>	<u>621,540</u>	<u>161,142</u>	<u>2,965,818</u>
Excess of revenues over (under) expenditures	<u>1,855,745</u>	<u>(1,383,877)</u>	<u>(196,997)</u>	<u>(338,104)</u>	<u>(15,795)</u>	<u>(79,028)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating transfers in	0	1,383,877	196,997	338,104	64,611	1,983,589
Operating transfers out	<u>(1,934,773)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(48,816)</u>	<u>(1,983,589)</u>
Total other financing sources (uses)	<u>(1,934,773)</u>	<u>1,383,877</u>	<u>196,997</u>	<u>338,104</u>	<u>15,795</u>	<u>0</u>
Net increase (decrease) in fund balances	<u>(79,028)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(79,028)</u>
<u>FUND BALANCE (DEFICIT)</u>						
Beginning of year	<u>4,066,461</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,066,461</u>
End of year	<u>\$ 3,987,433</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,987,433</u>

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

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

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2019**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$ (79,028)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling amount is the amount by which capital outlay (\$121,792) exceeds depreciation (\$119,143) in the current period.

2,649

Governmental funds do not report unpaid accumulated leave. However, the liability for unpaid accumulated leave is shown in the Statement of Net Position and the increase in the liability for the fiscal year has increased expenses in the Statement of Activities. The (increase) decrease in the liability is a reconciling amount.

(526)

Increase (Decrease) of Net Position of Governmental Activities	<u><u>\$ (76,905)</u></u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Lafourche Council on Aging, Inc.
Mathews, Louisiana
June 30, 2019

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

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

a. Purpose of the Council on Aging:

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Lafourche Parish, Louisiana; 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 Lafourche Parish.

The primary services provided by the Council to the elderly residents of Lafourche Parish include transportation, homemakers, legal assistance, information and assistance, material aid, medical alert, outreach, utility assistance, personal care, congregate and

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

home-delivered meals, family caregiver support, and disease prevention and health promotion.

b. Reporting Entity:

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

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

The Lafourche Council on Aging, Inc. (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the governor of the State of Louisiana on November 7, 1973 and subsequently incorporated on June 14, 1974, under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

A board of directors, consisting of 15 voluntary members who serve three-year terms, governs the Council. Each member may serve no more than two consecutive terms. Any board member who has served two consecutive terms is ineligible to serve on the board of directors for one year. Reasonable efforts are made to maintain a board of directors whose composition will be representative of the population of Lafourche Parish. Nominations to fill expiring terms of board members are made a few weeks before the Council's annual meeting in April by the Council's Development Committee. Additional nominations may also come from the general public. The members of the Council elect board members at the annual board meeting in April. Any adult citizen of Lafourche Parish may register to be a member of the Council. Membership fees are not charged.

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

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

c. Basis of Presentation of the Basic Financial Statements:

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

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

Government-Wide Financial Statements:

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

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

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

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 as follows: (1) invested in capital assets, net of related debt, (2) restricted net position, (3) and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and restricted contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

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

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

separately reported below general revenues.

Fund Financial Statements:

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

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

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

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

them. They are as follows: nonspendable, restricted, committed, assigned and unassigned.

The following discussion is a description of the governmental funds of the Council.

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

Local Programs and Funding

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

PCOA Funding

Parish Council on Aging (PCOA) funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these funds at its discretion in any program provided the program is benefitting people who are at least 60 years old. This year, the Council received this grant money into its General Fund and management transferred all \$42,393 of the PCOA funds to the Title III B Fund to subsidize that fund's program expenditures.

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

Unmet Needs Program

The Council provides financial assistance to persons who are at least 60 years old that are facing a serious financial or health emergency. The person must be a resident of Lafourche Parish and can receive financial assistance of up to \$200 per year. The money can be used to pay for rent, a doctor bill, or to make minor home repairs. However, in most cases, the Council buys supplies such as adult diapers, diabetic shakes and food bars, and protein drinks that will be given to the needy person. During this year, the Council expended \$1,365 in direct costs to help 8 different people.

Area Agency Administration (AAA) Funding

Each fiscal year GOEA provides the Council with funds to subsidize the costs of administering the Council's special programs for the aging. This year GOEA granted the Council \$40,843 of AAA funding, which has been received and accounted for in the Council's General Fund along with an equal amount of administrative expenditures. The amount of funding is not enough to pay for all the administrative (indirect) type costs. As a result, the Council will consume the GOEA grant funds first when paying for administrative costs and then allocate the excess administrative costs to other programs using a formula based on the percentage each program's direct costs bears to direct costs for all programs. In addition, due to program restrictions, administrative costs may not be allocated to certain funds and programs.

Supplemental Senior Center Funding

The Louisiana Legislature appropriated money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. This year, the Council received \$10,599 of supplemental senior center funding from GOEA. Management can use its discretion as to how to spend this money, as long as the program benefits anyone at least 60 years old. This year management received this money into the Council's General Fund and then transferred it out to the Title III C-1 Fund to subsidize the operating costs of that fund's program services.

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

Medicare Improvement for Patients and Providers Act (MIPPA) Program

The Council has a MIPPA program that provides educational and enrollment assistance to Medicare eligible people in the community. During the year, the Council hosted 21 outreach/public education & enrollment assistance events and provided 20 units of LIS or MSP enrollment assistance, 10 units of LIS or MSP follow-up, 325 units of Medicare Part D Counseling, and 300 units of Medicare Part D enrollment. For performing these services, the Council was paid \$27,500 by GOEA.

FTA Funding for Vehicle & Computer Acquisition

The Council acquires vehicles purchased in part with federal funds under the Federal Transit Administration's (FTA) elderly and disabled persons transportation capital assistance program. The Louisiana Department of Transportation and Development (DOTD) coordinates the receipt and disbursement of the FTA funds and the required matching funds from the Council. This year, the Council acquired two (2) new vans to be used for the transportation program using \$105,350 of FTA grant funds.

Utility Assistance Program

The Council provides limited financial assistance to needy people in Lafourche Parish to help them pay past due utility bills. The revenues received for this program usually come from SLECA (\$187) and the City of Thibodaux (\$1,250).

In addition, the Council *assigned* \$7,000 of its General Fund money to buy fans for the elderly and provide financial assistance to the elderly who needed help in paying their utility bills. At year-end \$6,526 of assigned funds remained unspent and will be carried over into the next fiscal year.

The maximum amount of assistance the Council usually provides in any one year to a person is \$200, if the Council uses its money. However, the funds received from the City of Thibodaux's *Help Your Neighbor* program are limited to \$100 per person per year. During the year, the Council assisted 27 different families with paying their utility bills.

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

The Council also distributed 32 heaters and 23 fans to elderly people in Lafourche Parish this year. Furthermore, the Council takes the applications for the *Power to Care* program and then refers the application to the Salvation Army who will then decide which people to give financial aid to as part of that utility program.

Other Services and Activities

The Council provides a variety of other services and activities that include:

- Assisting people at least 60 years old in applying for Social Security Disability;
- A health fair; and
- A *Spring Fling*.

Other Services and Activities are included as part of *Other Costs* within the General Fund on the Statement of Revenues, Expenditures, and Changes in Fund Balances. However, on the government-wide Statement of Activities they have been combined and reported as a separate line item.

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 nonmajor governmental fund:

Major Governmental Funds:

Title III B Fund

The Title III B Fund accounts for funds that are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive social services,

Exhibit F - Continued

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

along with the number of units the Council reported to GOEA that it provided during the fiscal year, are as follows:

<u>Type of Service Provided</u>	<u>Units</u>
Homemaker	26,668.25
Information and Assistance	1,619
Legal Assistance	80.50
Material Aid	7,900
Medical Alert	379
Outreach	166
Transportation	20,552
Utility Assistance	94
Personal Care	2,156

The main sources of revenue that form the basis of this fund are as follows:

- A grant from GOEA for *Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers* (\$136,918).
- Restricted, voluntary public support (\$34,607) from persons who actually received homemaker, personal care and transportation services.

Title III C-1 Fund

The Title III C-1 Fund accounts for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Lafourche Parish. The Council maintains meal sites in Thibodaux, Raceland, Lockport, Larose, Ward 6, and Golden Meadow. During the year, the Council reported to GOEA that it provided 24,840 meals and 23 units of nutrition education to eligible participants. The main sources of revenue received this year that form the basis of this fund are as follows:

- A grant from GOEA for *Special Programs for the Aging – Title III, Part C-1 – Nutrition Services* (\$101,145).
- Restricted, voluntary public support (\$28,029) from those persons who received congregate meals services.

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

- *Nutrition Services Incentive Program* (NSIP) funds (\$19,863) provided through GOEA to supplement the congregate meals program. Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.

Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council reported to GOEA that it provided 88,417 home-delivered meals to eligible participants. The main sources of revenue received this year that form the basis of this fund are as follows:

- A grant from GOEA for *Special Programs for the Aging – Title III, Part C-2 – Nutrition Services* (\$129,140).
- Restricted, voluntary public support (\$83,873) from those persons who received the home-delivered meals.
- *Nutrition Services Incentive Program* (NSIP) grant funds (\$70,423) provided through GOEA to supplement the home-delivered meals program. Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.

Nonmajor Governmental Funds:

Senior Center Fund

The Senior Center Fund accounts for the administration of Senior Center program funds (\$97,297) appropriated by the Louisiana Legislature to GOEA, which in turn *passes through* the funds to the Council. The purpose of this program is to provide community service centers where elderly people can receive congregate related social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. Senior centers are located in Cut Off, Ward 6, and Bayou Blue. Senior Center grant funds not consumed within this program are free to be transferred to another program that benefits the elderly. For this

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

year, the Council did not consume \$48,816 of its grant funds and management transferred them to the Title III C-1 Fund.

Title III D Fund

The Title III D Fund accounts for funds used for wellness, which includes disease prevention and health promotion activities. During the year, the Council reported to GOEA that it provided 883 units of wellness services to eligible participants. The source of the revenue forming the basis for this fund is a grant (\$7,857) the Council received from GOEA for *Title III, Part D _ Disease Prevention and Health Promotion Services*.

Title III E Fund

The Title III E Fund is used to account for funds relating to the National Family Caregiver Support program, which is designed to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. During the year, the Council reported to GOEA that it provided 83 units of information and assistance, 4694.50 units of in-home respite, 314 units of material aid, and 160 units of personal care services to eligible participants. The source of the revenue forming the basis for this fund is a grant (\$40,013) the Council received from GOEA for the *Title III, Part E _ National Family Caregivers Support Program*.

d. Measurement Focus and Basis of Accounting

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

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

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

- e. **Interfund Activity**

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

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

- f. **Cash**

Cash includes currency on hand and demand deposits with banks or other financial institutions. Cash is reported at its carrying value, which approximates its fair value.

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

For the purposes of the Statement of Net Position, restricted cash is an amount received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose. At year-end, the line item *Cash* on the Statement of Net Position is comprised of restricted cash of \$299 and unrestricted cash of \$3,951,275. The Council has presented restricted cash as a component of current assets in the Statement of Net Position because it is available for use in current operations.

g. Receivables

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

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

h. Prepaid Expenses & Expenditures

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

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

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

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

For purposes of presenting prepaid expenses in the government-wide statements, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements.

i. Capital Assets

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

Government-Wide Financial Statements

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

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

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

Equipment - other than computers	10 years
Vehicles	5 years
Computer equipment	5 years

Fund Financial Statements

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

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

j. Non-Current (Long-term) Liabilities

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

k. Unpaid Compensated Absences

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

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

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

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

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

l. Advances from Funding Agencies

The Council reports advances from funding agencies on both the Statement of Net Position (government-wide) and the Balance Sheet (fund financial statements). Advances from funding agencies represent unexpended balances of grants awarded to the Council that are required to be returned to a funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. At year-end, the Council did not have any advances from GOEA or any other funding agency.

m. Deferred Revenues Other Than Property Taxes

The Council reports deferred revenues on both the Statement of Net Position

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

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

n. Deferred Property Tax Revenue

Deferred property tax revenues arise when property taxes are expected to be received but not within 60 days after the end of the Council's fiscal year in which the taxes are levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Position, because the related revenues are recognized in the Statement of Activities using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized. The Council did not present any amounts this year as deferred property tax revenue because management believes any property tax revenue collected after August 31, 2019 for the 2018 property tax assessment will be immaterial.

o. Deferred Outflows and Inflows of Resources

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

p. Net Position in the Government-Wide Financial Statements

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

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

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

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

q. Fund Equity – Fund Financial Statements

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

- *Nonspendable*: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures and deposits as being nonspendable because these items are not expected to be converted to cash.
- *Restricted*: This classification includes amounts for which constraints have been placed on the use of resources and are either:
 - Externally imposed by creditors (such as through debt covenants),

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

- grantors, contributors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.
- *Committed:* This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year-end.
- *Assigned:* This classification includes spendable amounts that are reported in governmental funds *other than the General Fund* that are neither restricted nor committed and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by 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's management assigned some funds to the utility assistance program. \$6,526 of assigned funds remained unspent as of year-end.
- *Unassigned:* This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

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

reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

r. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

s. Allocation of Indirect Expenses

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

t. Elimination and Reclassifications

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

u. Special Items

Special items are significant transactions or events that are either unusual in nature or

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

infrequent in occurrence and that are within the control of the Council's management. Within in the control of management does not necessarily mean that management did control the transaction. It simply means that management could control it. Special items have been reported separately in both the government-wide statement of activities and the governmental fund statements of revenues, expenditures, and changes in fund balances. The Council did not have any special items this year

Note 2 - Revenue Recognition

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

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

Note 3 - Revenue Recognition-Property Tax

During fiscal year 2009, the Council began receiving funds from a property tax that was adopted by the voters of Lafourche Parish on July 19, 2008 to specifically provide money to finance the Council's operations. The Lafourche Parish Assessor began assessing this property tax in 2008 and it continued to do so through 2017 (ten years). On December 10, 2016 the voters of Lafourche Parish renewed this tax for another ten years (through 2027). The tax is based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1st day of January is used as the date to value the property subject to tax and make the annual assessment.

The gross assessed value as of January 1, 2018, of the certified roll was \$1,137,402,280. After applying homestead exemptions of \$175,739,831 the net assessed value upon which the Council's property tax was computed was \$961,662,449. Two mills are the maximum amount the Council may legally elect to assess property owners each year and the Council's board

Exhibit F - Continued

of directors elected to have the Parish assess the full 2.00 mills for tax year 2018. Accordingly, management initially estimated the gross amount of property tax payable to the Council for this fiscal year to be \$1,923,325. However, this amount was later adjusted by the Lafourche Parish Sheriff to account for supplements, reductions, and adjudicated/exempt taxes to \$1,908,145. In addition to these adjustments, the Council's management has estimated the uncollectible tax amount to be \$23,822. Current year collections of prior year property taxes were \$11,520. As a result, the adjusted total property tax revenue recognized this year is \$1,895,843.

Property taxes are levied in November and are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The Lafourche Parish Sheriff acts as the collection agent for the Parish's property taxes. The Sheriff will have a *tax sale* each year to collect as much of the taxes due as possible. The tax sale date for Lafourche Parish for the 2018 tax assessment was July 24, 2019, and the tax liens were recorded shortly thereafter.

For the fund financial statements, property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed (November of each year). As the Sheriff collects the taxes, he forwards them to the Council on Aging where they are recorded as revenues in accordance with the modified accrual basis of accounting. The Council also accrues as current year revenues any property taxes the Sheriff collects by August 31 (within 60 days of year-end) because it considers those amounts to be measurable and available. The Council did not present any amounts this year as deferred property tax revenue because management estimates an immaterial amount of property taxes will be collected after August 31, 2019 for the 2018 property tax assessment.

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

Property tax revenues of \$1,895,843 on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) have not been reduced by \$60,086

Exhibit F - Continued

withheld by the Sheriff for *on-behalf payments for fringe benefits*, which represent the Council's pro rata share of retirement plan contributions for other government agencies. Instead, the \$60,086 has been presented as an intergovernmental expenditure on Exhibit D. In contrast, for purposes of the government-wide Statement of Activities (Exhibit B), property tax revenues of \$1,895,843 were reduced by the \$60,086 of on-behalf payments to present a net amount of \$1,835,757 for general revenues. Also see Note 22 to these financial statements.

Note 4 - Cash Management and Bank Deposits

The Council maintains a consolidated bank account at JPMorgan Chase Bank to deposit the money it collects and to pay bills other than payroll. The consolidated bank account is available for use by all funds. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. The Council also maintains another demand deposit account at this bank for making payroll disbursements. This account is maintained on an imprest basis. A third bank account, which is a savings account, was established by management to obtain interest on idle funds, maintain liquidity, and reduce credit risks.

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. Currently, only the first \$250,000 of deposits at each bank are covered by FDIC insurance. Accordingly, the Council's management obtains collateralization for deposits at financial institutions that exceed FDIC insurance.

At June 30, the carrying value of the Council's cash was \$3,951,574, whereas the corresponding bank balance was \$4,075,732. The difference was principally due to outstanding checks and deposits that had not cleared the bank by June 30. The current FDIC coverage is \$250,000 for demand deposits and another \$250,000 for interest-bearing deposits per bank, therefore, \$3,575,732 of the Council's bank balances were uninsured at year-end. State law and the Council's policy requires uninsured bank balances to be adequately secured by pledged securities at all times. The bank had pledged securities that had a market value at \$3,750,294 at June 30th. Accordingly, all of the bank balances at year-end were either insured or adequately collateralized. The pledged securities are being held in a collateral account in the name of the Council at the Federal Reserve Bank of New York.

Exhibit F - Continued**Note 5 - Prepaid Expenditures & Expenses**

At year-end, prepaid expenditures in the fund Balance Sheet and prepaid expenses in the government-wide Statement of Net Position consisted of the following:

Nonowners insurance premiums	\$ 2,321
Auto insurance premiums	5,042
Training through Lantec	3,900
Total Prepaid Expenditures & Expenses	<u>\$ 11,263</u>

Note 6 - Changes in Capital Assets

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

Capital Assets Being Depreciated	Balance June 30, 2018	Additions	Decreases	Balance June 30, 2019
Vehicles	\$ 1,048,190	\$ 121,792	\$ (337,167)	\$ 832,815
Furniture and Equipment	37,782	0	0	37,782
Total Capital Assets	<u>1,085,972</u>	<u>121,792</u>	<u>(337,167)</u>	<u>870,597</u>
Less Accumulated Depreciation:				
Vehicles	747,300	118,496	(337,167)	528,629
Furniture and Equipment	34,753	647	0	35,400
Total Accumulated Depreciation	<u>782,053</u>	<u>119,143</u>	<u>(337,167)</u>	<u>564,029</u>
Capital Assets Net of Depreciation	<u>\$ 303,919</u>	<u>\$ 2,649</u>	<u>\$ 0</u>	<u>\$ 306,568</u>

None of the above amounts includes any donated asset.

The Council's management has reviewed the capital assets and does not believe any of them are impaired or totally inoperable as of year-end.

Exhibit F - Continued

Depreciation was charged to governmental activities as follows:

Administration	\$ 601
Supportive Services:	
Transportation of the elderly	108,279
Other supportive services	4,370
Nutrition Services:	
Congregate Meals	1,215
Home-delivered Meals	4,193
Family Caregiver Support	462
Other Services and Activities	<u>23</u>
Total depreciation expense for governmental activities	<u>\$ 119,143</u>

The \$601 of depreciation associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The other depreciation amounts (\$118,542) are charged as direct expenses to their related functions on the Statement of Activities.

Note 7 - Changes in Compensated Absences

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

Balance at July 1, 2018	\$ 32,296
Net increase (decrease) in accrued compensated absences	<u>526</u>
Balance at June 30, 2019	<u>\$ 32,822</u>

Note 8 - Fund Balances – Fund Financial Statements

At year-end, the General Fund includes a restricted fund balance for utility assistance (\$299), an assigned fund balance (\$6,526) for utility assistance, and \$18,808 of nonspendable fund balance, which consists of \$11,263 of prepaid expenditures and \$7,545 of security deposits.

None of the special revenue funds had any fund balance at June 30, 2019. Typically, these fund balances are cleared at year-end to comply with the terms of the grants that provide money to these funds.

Note 9 - In-Kind Contributions

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

The Council received various in-kind contributions during the year as follows:

- The Lafourche Parish Government (LPG) provides the Council's main office facility and certain building supplies at no charge.
- Various people have volunteered their time to work in the senior centers and serve congregate meals.

The LPG has provided the Council information as to the fair value of the facility rental and the building supplies. The volunteer services were valued by recording the number of hours the volunteers worked and multiplying the hours by minimum wage.

Exhibit F - Continued

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

Facility rental	\$ 42,000
Building supplies	2,400
Volunteer workers	<u>27,072</u>
	<u>\$ 71,472</u>

If these in-kind contributions had been recorded in the Statement of Activities their expense allocation would have been as follows:

Administration	\$ 44,400
Nutrition Services - congregate meals	7,102
Title III B Supportive Services	3,153
Senior Citizens Center Operations	<u>16,817</u>
	<u>\$ 71,472</u>

Note 10 -Board of Directors' Compensation

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

Note 11 -Income Tax Status

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

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

Note 12 -Judgments, Claims, and Similar Contingencies

The Council employees have been involved in multiple vehicle accidents over the past few years. Most of the accidents have been settled but two are still unsettled. The Council paid \$17,611 to settle claims and pay for damages and legal fees in FY 2019. Management does not

Exhibit F - Continued

know how much in damages the Council will be required to pay to settle the outstanding lawsuits and claims. However, management estimates the total potential liability to the Council to settle these claims will not have any material adverse impact upon the Council's financial statements. No amounts have been accrued as of June 30, 2019 as an estimate for the contingent liabilities. The amount of each claim is within the deductible amount of the Council's insurance policy therefore the Council would have to pay the claims directly out of its General Fund to settle them. Furthermore, management believes that any unexpected lawsuits or unknown claims that might be filed against the Council would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 13 -Contingencies - Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council or any of its subcontractors has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year-end may be impaired. In management's opinion, there are not any significant contingent liabilities relating to the Council's noncompliance with the rules and regulations governing state and federal grants; therefore no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 14 -Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions by employees; job related illnesses or injuries to employees; officer and directors' liability; business interruption; and natural disasters. To primarily cover or reduce the risk of loss that might arise should one of these incidents occur, the Council has purchased commercial insurance with varying deductible amounts as follows:

Exhibit F - Continued

Type of Coverage	Deductible per Incident
Auto Collision and comprehensive	\$1,000
Business personal property	\$1,000, +5% wind/hail deductible
Electronic equipment	\$1,000, +5% wind/hail deductible
General liability	\$2,500
Director's and officer's liability	\$5,000
Employment practices	\$5,000

The Council also carries workman's compensation insurance and employee health and accident insurance for which it has no deductibles.

Although the Lafourche Council on Aging (Council) has purchased insurance coverage to reduce its risk of loss for the aforementioned types of casualties, the Council has elected to allow the Lafourche Parish Government (LPG) to provide vehicle liability coverage for the Council's vehicles in an effort to minimize expenditures relating to this type of coverage. The LPG has a self-insured risk retention program, which means that the LPG and the Council are exposed for the first \$75,000 of damages per incident that might arise should the Council be held liable in a vehicle accident. The Council is not required to pay the LPG any premiums to participate in its risk retention program. Also, the LPG and the Council have not assigned any funds to cover damages under \$75,000 per incident. Instead, the Council's management will pay for any damages or claims using General Fund money as they arise. Accordingly, the Council could be exposed to significant losses should multiple accidents happen within the \$75,000 deductible amount.

In the fund financial statements, the COA reports all of its risk management activities, including the cost of legal representation, claim settlements, and judgments, in the General Fund. In the government-wide financial statements similar expenses will be allocated directly to the function that gave rise to the expense in the Statement of Activities. Claims expenditures, expenses, and liabilities are reported when it is probable that a material loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. In addition, no year-end accrual has been made for any other known claim losses that relate to this year but will be settled in a future year because management considers the potential settlement amounts to be immaterial, individually and in the aggregate, to the financial statements. See Note 12 for additional details. Furthermore, management has not made any estimates or accruals for claim losses that might arise in future years during the normal course of business.

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

like floods or earthquakes.

There have been no significant reductions in insurance coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage, or that caused the COA to have to pay any significant amounts as a result of participating with the LPG in its self-insurance program.

Note 15 -Operating Lease Agreements

On May 28, 2015, the Council entered into a copy machine lease. This lease is for 60 months at a monthly rate of \$415. Then on June 3, 2016 the Council entered into a second copy machine lease for 39 months at a rate of \$113.87 per month. These lease amounts referred to above do not include any annual property tax or overage charges for copies that might be charged by the lessors.

As of June 30, 2019, the total minimum future lease payments are \$4,793. Both of the leases mentioned above will be fully paid out in FY 2020. There are no lease obligations extending past June 30, 2020.

At the end of each lease, management has the option to buy the copy machines for their fair market values or return them in good working condition. Historically, management has always elected to return the leased equipment.

Total rental expense of \$6,346 for these leases in FY 2019 has been included as a component of Operating Service expenditures in the fund financial statements and as a component of Administration expenses in the government-wide statements.

Note 16 -Related Party Transactions

There were not any related party transactions during the fiscal year.

Note 17 -Economic Dependency

The Council's largest single source of revenue is from a property tax. If the property in Lafourche Parish were to be assessed at lower values due to natural disaster or another unpredictable event, the amount of property tax revenue that the Council receives could be adversely affected. Management is not aware of any actions or events that will adversely

Exhibit F - Continued

affect next year's property tax revenue.

The Council also receives significant amounts of its annual revenues from the Governor's Office of Elderly Affairs (GOEA). These revenues are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive next year relating to revenues it usually receives from GOEA.

Note 18 -Line of Credit

On October 20, 2004, the Council's board of directors approved a \$75,000 line of credit with the Council's bank. The line of credit is to be used in case grant funds are not received on time. The Council did not have to draw on the line of credit during the year.

Note 19 -Purchase Commitments

This year the Council had no purchase commitments at year end.

Note 20 -Interfund Receivables and Payables

Because the Council operates its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans. A summary of these interfund loans, at year-end, is as follows:

	<u>From</u>	<u>To</u>
General Fund:		
Major Funds:		
Title III B	\$ 662	\$ 0
Totals for the General Fund	<u>662</u>	<u>0</u>
Special Revenue Funds:		
Major Funds:		
Title III B:		
General Fund	<u>0</u>	<u>662</u>
Totals for Special Revenue Funds	<u>0</u>	<u>662</u>
Totals for All Funds	<u><u>\$ 662</u></u>	<u><u>\$ 662</u></u>

Exhibit F - Continued

Note 21 -Interfund Transfers

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

	Operating Transfers	
	In From	Out To
General Fund:		
Title III B Fund	\$ 0	\$ 1,383,877
Title III C-1 Fund	0	148,181
Title III C-2 Fund	0	338,104
Nonmajor Funds in the Aggregate	0	64,611
Total General Fund	0	1,934,773
Title III B Fund:		
General Fund - PCOA	\$ 42,393	\$ 0
General Fund - local funds	1,341,484	0
Total Title III B Fund	1,383,877	0
Title III C-1 Fund:		
General Fund - local funds	\$ 137,582	\$ 0
General Fund - Supp. Senior Center	10,599	0
Nonmajor Funds in the Aggregate (Sr. Center)	48,816	0
Total Title III C-1 Fund	196,997	0
Title III C-2 Fund:		
General Fund - local funds	\$ 338,104	\$ 0
Total Title III C-2 Fund	338,104	0
Nonmajor Funds in the Aggregate:		
Senior Center to Title III C-1 Fund	\$ 0	\$ 48,816
Title III D Fund from General Fund	37	0
Title III E Fund from General Fund	64,574	0
Total Nonmajor Funds in the Aggregate	64,611	48,816
Grand Totals	\$ 1,983,589	\$ 1,983,589

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

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

Note 22 -On-Behalf Payments for Fringe Benefits

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law (RS 11:82) requires the Council to bear a pro-rata share of the pension expense relating to state and local public retirement systems. The Council's pro-rata share of the required contribution was \$60,086 that was withheld by the Lafourche Parish Sheriff from property tax collections to satisfy the Council's obligation. The Sheriff withholds the entire amount of this obligation in December each year even though some of the property taxes may never be collected. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure. The \$60,086 withheld by the Sheriff represents *intergovernmental* expenditures of the General Fund on Exhibit D.

The following list presents the retirement systems that were funded by \$60,086 of the Council's property tax revenues this year:

Assessor's Retirement Fund	\$ 6,330
Clerks' of Court Retirement & Relief Fund	5,349
District Attorney's Retirement System	4,279
Municipal Employee's Retirement System	5,349
Parochial Employees' Retirement System	5,349
Registrar of Voters Employees' Retirement	1,337
Sheriff's Pension & Relief Fund	10,698
Teachers' Retirement System	21,395
	<u>\$ 60,086</u>

Note 23 -Subsequent Events

Management has evaluated subsequent events through December 18, 2019, which is the date the financial statements were available to be issued. There were no events that required disclosure.

Note 24 - Tax Abatements

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

For the fiscal year ended June 30, 2019, the Lafourche Council on Aging, Inc.'s portion of the total tax abatements were \$123,450.35.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

Budgetary Comparison Schedule - General Fund

Lafourche Council on Aging, Inc.

Mathews, Louisiana

For the year ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u> <u>(Amended)</u>	<u>Modified</u> <u>Accrual Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
PCOA grant	\$ 42,393	\$ 42,393	\$ 42,393	\$ 0
Supplemental Senior Center grants	10,599	10,599	10,599	0
AAA grant	40,843	40,843	40,843	0
MIPPA grant	8,700	27,500	27,500	0
La Dept of Transportation & Development	356,412	105,350	105,350	0
Property Taxes	2,030,416	1,923,325	1,895,843	(27,482)
Public Support - restricted	3,183	1,687	1,802	115
Public Support - unrestricted	14	18	1,423	1,405
Interest Income	4,596	10,213	9,860	(353)
Miscellaneous	0	0	46	46
Total Revenues	<u>2,497,156</u>	<u>2,161,928</u>	<u>2,135,659</u>	<u>(26,269)</u>
<u>EXPENDITURES</u>				
Current:				
Personnel	42,606	43,830	44,295	(465)
Fringe	15,664	12,187	12,491	(304)
Travel	65	96	89	7
Operating Services	5,666	5,228	4,847	381
Operating Supplies	908	893	853	40
Other Costs	8,358	13,779	11,298	2,481
Full Service	0	0	0	0
Utility Assistance	10,168	6,777	5,187	1,590
Specific Assistance to Individuals	2,153	1,244	1,365	(121)
Lawsuit and Claims Settlements	150,000	30,000	17,611	12,389
Capital Outlay	374,382	121,791	121,792	(1)
Intergovernmental	56,884	60,086	60,086	0
Total Expenditures	<u>666,854</u>	<u>295,911</u>	<u>279,914</u>	<u>15,997</u>
Excess of revenues over expenditures	<u>1,830,302</u>	<u>1,866,017</u>	<u>1,855,745</u>	<u>(10,272)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	0	0	0	0
Transfers out	(2,033,563)	(1,874,554)	(1,934,773)	(60,219)
Total other financing sources (uses)	<u>(2,033,563)</u>	<u>(1,874,554)</u>	<u>(1,934,773)</u>	<u>(60,219)</u>
Net increase (decrease) in fund balance	<u>\$ (203,261)</u>	<u>\$ (8,537)</u>	<u>(79,028)</u>	<u>\$ (70,491)</u>
<u>FUND BALANCE</u>				
Beginning of year			4,066,461	
End of year			<u>\$ 3,987,433</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

Lafourche Council on Aging, Inc. Mathews, Louisiana For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final (Amended)	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 136,918	\$ 136,918	\$ 136,918	\$ 0
Public Support - restricted (client contributions)	32,342	34,740	34,607	(133)
Program Service Fees - transportation	700	1,891	1,786	(105)
Total Revenues	169,960	173,549	173,311	(238)
EXPENDITURES				
Current:				
Personnel	963,894	915,288	947,582	(32,294)
Fringe	336,035	286,095	275,621	10,474
Travel	29,833	27,843	29,341	(1,498)
Operating Services	110,395	87,444	103,489	(16,045)
Operating Supplies	82,697	80,385	84,331	(3,946)
Other Costs	32,857	31,233	33,618	(2,385)
Full Service	102,182	103,957	83,206	20,751
Total Expenditures	1,657,893	1,532,245	1,557,188	(24,943)
Excess of expenditures over revenues	(1,487,933)	(1,358,696)	(1,383,877)	(25,181)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,487,933	1,358,696	1,383,877	25,181
Transfers out	0	0	0	0
Total other financing sources (uses)	1,487,933	1,358,696	1,383,877	25,181
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-1 Fund

Lafourche Council on Aging, Inc. Mathews, Louisiana For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final (Amended)	Modified Accrual Basis	Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 101,145	\$ 101,145	\$ 101,145	\$ 0
NSIP grant	19,863	19,863	19,863	0
Public Support - restricted (client contributions)	30,958	28,669	28,029	(640)
Total Revenues	151,966	149,677	149,037	(640)
<u>EXPENDITURES</u>				
Current:				
Personnel	208,170	196,433	204,828	(8,395)
Fringe	44,255	35,257	33,645	1,612
Travel	574	836	734	102
Operating Services	17,030	16,200	18,586	(2,386)
Operating Supplies	4,415	8,497	8,799	(302)
Other Costs	6,606	6,615	6,945	(330)
Meals	61,509	63,226	72,497	(9,271)
Total Expenditures	342,559	327,064	346,034	(18,970)
Excess of expenditures over revenues	(190,593)	(177,387)	(196,997)	(19,610)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	190,593	177,387	196,997	19,610
Transfers out	0	0	0	0
Total other financing sources (uses)	190,593	177,387	196,997	19,610
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
<u>FUND BALANCE</u>				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-2 Fund

Lafourche Council on Aging, Inc.

Mathews, Louisiana

For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final (Amended)	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 129,140	\$ 129,140	\$ 129,140	\$ 0
NSIP grant	70,423	70,423	70,423	0
Public Support - restricted (client contributions)	80,022	83,859	83,873	14
Public Support - restricted (other)	125	125	0	(125)
Total Revenues	279,710	283,547	283,436	(111)
EXPENDITURES				
Current:				
Personnel	229,356	226,136	223,674	2,462
Fringe	57,661	46,466	42,525	3,941
Travel	48,371	46,146	47,184	(1,038)
Operating Services	24,647	22,680	25,638	(2,958)
Operating Supplies	8,146	14,726	15,435	(709)
Other Costs	9,641	10,049	10,430	(381)
Meals	240,642	248,099	256,654	(8,555)
Total Expenditures	618,464	614,302	621,540	(7,238)
Excess of expenditures over revenues	(338,754)	(330,755)	(338,104)	(7,349)
OTHER FINANCING SOURCES (USES)				
Transfers in	338,754	330,755	338,104	7,349
Transfers out	0	0	0	0
Total other financing sources (uses)	338,754	330,755	338,104	7,349
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2019

Note 1 - Budgetary Reporting

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

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

(Continued)

current fiscal year. The Council's original budget for this fiscal year was approved by the board on April 18, 2018.

- The adopted budget is forwarded to the Governor's Office of Elderly Affairs (GOEA) for compliance approval.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, the Council will automatically budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The match might be made in one year and the vehicles delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting for governmental funds, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying required supplementary information include the original adopted budget amounts and all subsequent amendments. During the fiscal year, management amended the Council's budget once at a board meeting on May 28, 2019, using a procedure similar to the one used to approve the original budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%, unless unrestricted funds are available to cover the overrun.
- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- 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.

Note 2 - General Fund's Budgeted Operating Deficit

Management originally budgeted an operating deficit of \$203,261 in the Council's General Fund this year but later amended the budget deficit to \$8,537. The budgeted deficit arises because the Council planned to use \$7,000 of its prior year's fund balance to pay for utility assistance and \$1,537 to pay towards litigation expenses and claims. Management was able to budget the operating deficit because the Council had enough unassigned fund balance to cover it.

SUPPLEMENTARY FINANCIAL INFORMATION FOR GOEA ANALYSIS

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

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2019**

	Senior Center Fund	Title III D Fund	Title III E Fund	Totals
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 97,297	\$ 7,857	\$ 40,013	\$ 145,167
Public Support (Restricted):				
Client contributions	0	0	180	180
Total revenues	97,297	7,857	40,193	145,347
<u>EXPENDITURES</u>				
Health, Welfare, & Social Services:				
Current:				
Personnel	34,904	0	667	35,571
Fringe	4,312	0	259	4,571
Travel	283	0	0	283
Operating Services	7,798	0	27	7,825
Operating Supplies	192	0	83	275
Other Costs	992	0	20	1,012
Full Service	0	7,894	103,711	111,605
Total expenditures	48,481	7,894	104,767	161,142
Excess of revenues over (under) expenditures	48,816	(37)	(64,574)	(15,795)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	0	37	64,574	64,611
Operating transfers out	(48,816)	0	0	(48,816)
Total other financing sources (uses)	(48,816)	37	64,574	15,795
Net increase (decrease) in fund balances	0	0	0	0
<u>FUND BALANCE (DEFICIT)</u>				
Beginning of year	0	0	0	0
End of year	\$ 0	\$ 0	\$ 0	\$ 0

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

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2019**

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
<u>Capital Assets</u>				
Vehicles	\$ 1,048,190	\$ 121,792	\$ (337,167)	\$ 832,815
Furniture & equipment	<u>37,782</u>	<u>0</u>	<u>0</u>	<u>37,782</u>
Total capital assets	<u>\$ 1,085,972</u>	<u>\$ 121,792</u>	<u>\$ (337,167)</u>	<u>\$ 870,597</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from:				
PCOA	\$ 11,071	\$ 0	\$ 0	\$ 11,071
Federal Transit Administration - Section 5310	684,431	105,350	(262,299)	527,482
Federal Transit Administration - Section 5311 RTAP	1,214	0	0	1,214
Local	<u>389,256</u>	<u>16,442</u>	<u>(74,868)</u>	<u>330,830</u>
Total investment in capital assets	<u>\$ 1,085,972</u>	<u>\$ 121,792</u>	<u>\$ (337,167)</u>	<u>\$ 870,597</u>

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED FOR LOUISIANA LAW

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

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2019**

Executive Director's (Agency Head) Name: Charlene Rodriguez

Purpose	Amount
Salary	\$ 84,250.66
Benefits-insurance (health and life)	8,670.06
Benefits-retirement	
Benefits-other (COA paid FICA, LUTA, WC)	9,170.53
Benefits-other (describe)	
Car allowance	
Vehicle provided by government (enter amount reported on W-2)	
Per diem	
Reimbursements	46.46
Travel	195.00
Registration fees	-
Conference travel	
Unvouchered expenses (example: travel advances, etc.)	



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

To the Board of Directors,
Lafourche Council on Aging, Inc.
Mathews, 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 Lafourche Council on Aging, Inc., Mathews, Louisiana, (the Council) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given

these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



T.S. Kearns & Co., CPA, PC
Thibodaux, Louisiana
December 18, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the Year Ended June 30, 2019

SUMMARY OF AUDITOR'S REPORTS

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

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the year ended June 30, 2019**

Financial Statement Findings

The auditor did not report any financial statement findings in his audit of the Council's FY 2018 financial statements last year. Therefore, management has nothing to report in this section.

Federal Award Findings and Questioned Costs

No matters were reported last year. Therefore, management has nothing to report in this section.

Management Letter

None was issued last year. Therefore, management has nothing to report in this section.

MANAGEMENT'S CORRECTIVE ACTION PLAN

**Lafourche Council on Aging, Inc.
Mathews, Louisiana
For the Year Ended June 30, 2019**

To the following oversight agencies for audit:

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

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

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

The findings from the June 30, 2019 schedule of findings and questioned costs are discussed below.

FINANCIAL STATEMENT FINDINGS

The auditor did not report any findings as a result of this year's audit. Therefore, management has nothing to report in this section.

If you have any questions regarding this audit, please call Charlene Rodriguez, the Council's Executive Director, at (985) 532-0459 or lafcoadirector@viscom.net.

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

Lafourche Council on Aging, Inc.
Mathews, Louisiana

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



(A Professional Corporation)
164 West Main Street, Thibodaux, LA 70301
South end of Canal Boulevard
(985) 447-8507 Fax (985) 447-4833
www.kearnscpa.com



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

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

We have performed the procedures enumerated below, which were agreed to by the Lafourche Council on Aging, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Council's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories:

Findings:

Obtained the Council's written policies and procedures.

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

Findings:

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

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

Findings:

The policy does address this function including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase

requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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

Findings:

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

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

Findings:

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

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

Findings:

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

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

Findings:

The policy does address this function including (1) types of services requiring written contracts, (2) legal review, (3) approval process, and (4) monitoring process. The policy does not specifically address standard terms and conditions because this is not applicable.

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

Findings:

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

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

(4) required approvers

Findings:

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

i) ***Ethics***, including

- (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121,
- (2) actions to be taken if an ethics violation takes place,
- (3) system to monitor possible ethics violations, and
- (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Findings:

The policy does address this function including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Council's ethics policy.

j) ***Debt Service***, including

- (1) debt issuance approval,
- (2) continuing disclosure/EMMA reporting requirements,
- (3) debt reserve requirements, and
- (4) debt service requirements.

Findings:

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

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

Findings:

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

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

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

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

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

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

Bank Reconciliations

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

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

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

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

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

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

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

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

Collections

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

Obtained a listing of the Council's collection location.

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

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

Findings:

Each person responsible for cash collections do not share cash drawers/registers.

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

Findings:

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

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

Findings:

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

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

Findings:

The employee responsible for reconciling cash collections to the general ledger is not responsible for collecting cash.

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

Findings:

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

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

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

Findings:

All cash collections are donations that the Client (Senior Citizen) puts in the slot of a locked box. The Client's name and the amount must remain anonymous. Therefore, a pre-numbered receipt can not be used.

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

Findings:

Traced the collection count documentation to the deposit slip.

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

Findings:

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

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

Findings:

EXCEPTION -

The Council has many Collection Locations. For example, a transportation vehicle that collects a small donation, from a senior citizen that qualifies for the transportation program, is considered a Collection Location.

Collection Locations often collect less than \$100 per day. Therefore it is the Councils' policy to make deposits once a week. Each day, cash from Collection Locations is accumulated at the Council's headquarters, which is the Deposit Site. The deposit slip is typically prepared on Friday, and the deposit is physically made the next week. For that reason, there will be some Collection Location receipts over \$100.00 that are not deposited within one business day. Also, there will be some very small Collection Location receipts that are physically deposited after one week, but typically within nine days.

The Council maintains this policy because the amount of cash at the Deposit Site per day does not warrant having an employee leave their workstation and drive to the bank. To do so presents other control and safety issues.

One Collection Location day tested consisted of a collection of \$16.00 on a Monday which was deposited six business days later on the next week's Wednesday. Another Collection Location day tested consisted of a collection of \$2.00 on a Tuesday which was deposited seven business days later on the next week's Thursday.

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

Findings:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) an original itemized receipt that identifies precisely what was purchased,

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

- (2) written documentation of the business/public purpose, and

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

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

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

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

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

For each of the 5 reimbursements selected:

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

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

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

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

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

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

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete.

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

Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

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

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

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

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

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

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

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

Payroll and Personnel

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

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

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

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

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

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

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

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

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

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

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

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

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

Ethics

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

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

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

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

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

Debt Service

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

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

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

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

Other

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

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

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

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

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

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

A handwritten signature in blue ink, appearing to read "T.S. Kearns & Co.", is positioned above the printed name.

T.S. Kearns & Co., CPA
Thibodaux, LA 70301
December 18, 2019



**LAFOURCHE AREA AGENCY ON AGING
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December 18, 2019

Timothy S. Kearns
T.S. Kearns & Co., CPA
164 West Main Street
Thibodaux, LA 70301

RE: Managements response to 2019 State AUPs

Mr. Kearns,

Please accept this letter as a formal response to the exceptions noted during your performance of the 2019 Statewide Agreed Upon Procedures.

We will continue to work toward developing written policies where needed and consider additional procedures and processes to ensure proper handling of all transactions.

If you have any questions, please contact Charlene Rodriguez at 985-532-0457.

Sincerely,

Charlene Rodriguez