

FINANCIAL REPORT

**West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana**

June 30, 2018

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

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Port Allen, Louisiana

June 30, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

West Baton Rouge Council on Aging, Inc.

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

FINANCIAL HIGHLIGHTS *(See Condensed Statements on Page 7)*

Here are the financial highlights:

The Council's assets exceeded its liabilities at the close of fiscal year 2018 by \$1,837,594 (net position) which represents a 5.9% increase from last fiscal year.

Cash was \$1,773,308 at June 30, 2018 compared to \$1,643,515 at June 30, 2017. This is an increase of \$129,793 or 1.5%.

The Council's revenue increased \$31,190 or 2.8% primarily due to an increase in property taxes of \$22,657. Meanwhile, other miscellaneous revenue increased \$1,704 and investment income increased \$5,655.

The Council's expenditures decreased (\$81,736) or (7.6%) primarily due to a decrease in personnel costs of (\$78,420) and a decrease of capital outlay (\$10,810). Meals decreased (\$2,758). Services and supplies increased \$15,753. Other costs decreased (\$7,747).

As a result of subtracting total expenditures from total revenue, the Council's net position increased by \$102,449 this fiscal year. Last year the net assets increased \$22,731.

Services this year have been comparable with the prior year. Transportation was down slightly while total congregate and delivered meals were up slightly. The West Baton Rouge Council on Aging strives to maintain a high level of maintenance, safety and cleanliness at the facility with ongoing training of all staff.

OVERVIEW OF THE FINANCIAL STATEMENTS – What’s Included

This discussion and analysis is intended to serve as an overview to the Council’s basic financial statements. The Council’s annual report consists of five parts: (1) management’s discussion and analysis (this section) (2) basic financial statements (3) required supplementary information, and (4) the optional section that presents combining statements for non-major governmental funds and other supplementary information and (5) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Council:

Government-wide Financial Statements

The government-wide financial statements (see Exhibits A and B) are designed to provide readers with a broad overview of the Council’s finances, in a manner similar to a private sector business. The **statement of net position** presents information on all of the Council’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. The **statement of activities** presents information showing how the Council’s net assets change during each fiscal year (revenues less expenditures). All changes in net assets are reported as soon as the financial transaction occurs regardless of the timing of the related cash flows. Thus, revenues and expenditures are reported in this statement this fiscal year even though the resulting cash flow is in future fiscal years. The governmental activity of the Council is health and welfare which is comprised of various programs that include supportive services, nutritional services, utility assistance disease prevention, caregiver support and a multipurpose senior center in Port Allen, Louisiana.

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current year inflows and outflows of cash, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison between governmental funds and governmental activities. (Exhibit D and E)

The Council has presented the General Fund, Title III B – Supportive Services Fund, Title III C-1- Congregate Meals Fund, Title III C-2 – Home Delivered Meals Fund, Millage Fund and Senior Center Fund as major funds. (Exhibit C & D) All non-major governmental funds are presented in one column, titled “Total Non-Major Funds”. Combining financial statements of the non-major funds can be found in the Combining Fund Statements that follow the basic financial statements (Page 31).

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 in Exhibit F of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information 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 (Pages 25 to 29). In addition to these required elements, the Council has a section of supplementary information. The Governor’s Office of Elderly Affairs (GOEA) has required the Council to present combining statements that provide details about our non-major governmental funds and details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council (Page 31 and 32).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serve as a useful indicator of the Council's financial position. As of June 30, 2018 assets exceeded liabilities by \$1,773,308. A large portion of the Council's net assets (96%) reflects its cash position. The Council has a strong cash position.

Special Revenue Fund Budgetary Highlights

The budget was amended one time during the year. The primary reasons for amending the budget were to comply with the Council's grants for GOEA due to unanticipated changes in expenditures.

During the year, actual expenditures differed from budgetary estimates. Required supplementary information budgetary comparison schedules were prepared for the General Fund and each major Special Revenue Fund (Page 25 to 29).

CAPITAL ASSETS

The Council's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$127,183 (net accumulated depreciation). This investment in capital assets includes office furniture, fixtures, vehicles, machinery and equipment (see table below).

	<u>2018</u>	<u>2017</u>
Office furniture, fixtures and equipment	\$ 90,428	\$ 80,789
Vehicles	180,604	180,604
Land and Building Improvements	<u>54,653</u>	<u>54,653</u>
Total Cost	325,685	316,046
Less accumulated depreciation	<u>(198,502)</u>	<u>(165,100)</u>
Totals	<u>\$ 127,183</u>	<u>\$ 150,946</u>

Additional information on the Council's capital assets can be found in the Note 1 (C) and 6, Exhibit F of this report. The Council bought various fitness equipment, A/C unit and 3 laptop computers.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Council receives most of its funding from local property taxes. Additional funding is from federal and state agencies. Because of this, the source of income for the Council is consistent. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, those revenues are not fixed. There have been no significant changes to the funding levels or terms of the grants and contracts. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2018-2019. There are no plans to add any significant programs for next fiscal year.

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

- Actual expenditures from previous fiscal year in relation to expected needs in the current year.
- Consideration of funding to be received from GOEA.
- The Ad Valorem Tax revenue budgeted represents the estimated amount of the October 2018 assessment, which the Council will receive, for the most part, in January 2019.
- Interest revenues have been budgeted as decreasing.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Travel rates in accordance with state travel regulations.
- Services the Council will provide along with estimated service costs.
- Estimate of operation supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.
- Vehicle insurance based on quotes and contracts.

Condensed Statements of Net Assets

	June 30,		Dollar Change
	2018	2017	
Cash	\$ 1,773,308	\$ 1,643,515	\$ 129,793
Other current assets	4,936	4,036	900
Capital assets	127,183	150,946	(23,763)
Total assets	\$ 1,905,427	\$ 1,798,497	\$ 106,930
Accounts payable	2,664	9,405	(6,741)
Payroll liabilities	1,614	1,800	(186)
Accrued compensated absences	63,555	52,147	11,408
Total liabilities	67,833	63,352	\$ 4,481
 Net Position:			
Invested in capital assets, net	127,183	150,946	(23,763)
Restricted	1,684,846	1,572,862	111,984
Unrestricted	25,565	11,337	14,228
Total net position	\$ 1,837,594	\$ 1,735,145	\$ 102,449

Governmental Activities

Governmental activities increased the Council net position by \$102,449. Key elements of this increase are as follows:

	June 30,		Dollar Change
	2018	2017	
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 100,241	\$ 96,067	\$ 4,174
General revenues:			
Property taxes	969,246	946,589	22,657
Grants and contributions not restricted	37,500	37,500	-
Unrestricted investment earnings	7,401	1,746	5,655
Miscellaneous	12,505	10,801	1,704
Total revenues	<u>1,126,893</u>	<u>1,092,703</u>	<u>34,190</u>
Expenses:			
Health and welfare	<u>1,024,444</u>	<u>1,069,972</u>	<u>(45,528)</u>
Total expenses			
Increase (decrease) in net position	102,449	22,731	79,718
Net position beginning of year	<u>1,735,145</u>	<u>1,712,414</u>	<u>22,731</u>
Net position end of year	<u>\$ 1,837,594</u>	<u>\$ 1,735,145</u>	<u>\$ 102,449</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Council's governmental funds is to provide information on current year inflows, outflows, and balances of spendable cash and other resources. Such information is useful in assessing the Council's cash flow requirements. In particular, unrestricted fund balance at year end may serve as a useful measure of a government's net resources available for spending next fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,773,966, an increase of

\$137,620 in comparison with the prior year. An unassigned fund balance of \$1,763,566 is available for spending at the Council's discretion. This includes the Millage Fund. The remainder of fund balance is reserved to indicate that it is not available for new general spending because it has already been committed. This is reflected in Exhibit C.

The General Fund is the unrestricted operating fund of the Council. At the end of the current fiscal year, unreserved fund balance of the general fund was \$25,565 while total fund balance reached \$1,773,966 (Exhibit C). The fund balance of the Council's General Fund increased by \$14,228 during the current fiscal year. (Exhibit D)

Other major funds, including Title III B – Supportive Services Fund and Title III C-2 – Home Delivered Meals Fund and Title III C-1 Congregate Meals had a no change in fund balances. These funds are reimbursed by federal and state grants. Expenditures that are not covered by the grants are covered by transfers from the General Fund and Millage Fund.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances for all interested in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Tommie Gordon, Executive Director
West Baton Rouge Council on Aging, Inc.
P.O. Box 122
Port Allen, Louisiana.70767
Phone (225) 383-0638

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2018, 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 1 through 8) and budgetary comparison information (pages 25 through 29) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-major 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 supplemental schedule of Compensation, Benefits and Other Payments Made to the Council's Executive Director for the fiscal year. These schedules are not a required part of the basic financial statements.

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, I have also issued my report dated December 17, 2018 on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Baton Rouge, Louisiana,
December 17, 2018


Michael R. Choate & Company, CPAs

GOVERNMENT WIDE FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENT OF NET POSITION
WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA

June 30, 2018

	Governmental Activities
Assets	
Cash	\$ 1,773,308
Grants and contracts receivable	4,936
Capital assets, net of accumulated depreciation	127,183
Total Assets	\$ 1,905,427
Liabilities	
Accounts payable	\$ 2,664
Payroll liabilities	1,614
Accrued compensated absences	63,555
Total Liabilities	67,833
Net Position	
Invested in Capital Assets	127,183
Restricted for:	
Utility Assistance	8,905
Title III-E	1,495
Millage	1,674,446
Unrestricted	25,565
Total Net Position	\$ 1,837,594

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**GOVERNMENT WIDE STATEMENT OF ACTIVITIES
WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA**

For the year ended June 30, 2018

	Direct Expenses	Indirect Expenses	Operating Grants and Contributions	Net (Expense) Revenue and Increases (Decreases) in Net Assets
Functions / Programs				Total Governmental Activities
Governmental Activities				
Health, Welfare & Social Services				
Supportive Services:	\$ 225,231	\$ 173,429	\$ 34,397	\$ (364,263)
Personal Care	-	-	-	-
Other Services	-	-	-	-
Homemaker	-	-	-	-
Information and Assistance	-	-	-	-
Legal Assistance	-	-	-	-
Outreach	-	-	-	-
Transportation	-	-	-	-
Nutrition Services:				
Congregate Meals	19,747	18,696	14,165	(24,278)
Home Delivered Meals	142,822	56,997	8,486	(191,333)
National Family Caregiver Support	-	598	750	152
Multipurpose Senior Centers	-	-	40,073	40,073
Administration	6,664	380,260	900	(386,024)
Total governmental activities	\$ 394,464	\$ 629,980	\$ 98,771	\$ (925,673)
General Revenues:				
Ad Valorem Taxes				969,246
Grants and contributions not restricted to specific programs				38,970
Unrestricted Investment Income				7,401
Miscellaneous				12,505
Total general revenues				1,028,122
Increase (Decrease) in net position				102,449
Net position - beginning of the year				1,735,145
Net position - end of the year				\$ 1,837,594

The accompanying notes are an integral part of this statement.

Balance Sheet
 Governmental Funds
 West Baton Rouge Council on Aging, Inc.
 June 30, 2018

	General Fund	Millage	Title III B	Title III C-1	Title III C-2	Total Non Major Funds	Total
Assets							
Cash	\$ 25,565	\$ 1,742,279	\$ (2,569)	\$ (1,019)	\$ (1,048)	\$ 10,100	\$ 1,773,308
Grants and Contracts Receivable	-	-	2,569	1,019	1,048	300	4,936
Total Assets	\$ 25,565	\$ 1,742,279	\$ -	\$ -	\$ -	\$ 10,400	\$ 1,778,244
Liabilities and Fund Balance							
Liabilities							
Accounts Payable	\$ -	\$ 2,664	\$ -	\$ -	\$ -	\$ -	2,664
Payroll Taxes Payable	-	1,614	-	-	-	-	1,614
Total Liabilities	-	4,278	-	-	-	-	4,278
Fund Balances							
Unassigned:							
General Fund	25,565	-	-	-	-	-	25,565
Restricted:							
Special Revenue Funds	-	1,738,001	-	-	-	10,400	1,748,401
Total Fund Balances	25,565	1,738,001	-	-	-	10,400	1,773,966
Total Liabilities and Fund Balances	\$ 25,565	\$ 1,742,279	\$ -	\$ -	\$ -	\$ 10,400	

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

Compensation absences are not paid for out of current financial resources and therefore are not reported funds	(63,555)
Capital assets used in governmental activities are not resources therefore are not reported in the funds	127,183
Net position of Governmental Activities	\$ 1,837,594

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 West Baton Rouge Council on Aging, Inc.
 Baton Rouge, LA
 For the Year Ended June 30, 2018

	General Fund	Millage	Title III B	Title III C-1	Title III C-2	Total Non Major Funds	Total Governmental Funds
REVENUES							
Advalorem Tax	\$ -	\$ 969,246	\$ -	\$ -	\$ -	\$ -	\$ 969,246
Intergovernmental							
Capital Area Agency on Aging District II, Inc.	-	-	33,745	10,952	7,576	750	53,023
Governor's Office of Elderly Affairs	37,500	-	-	-	-	40,973	78,473
Public Support							
Contributions-clients	-	-	652	3,213	910	-	4,775
Contributions-other	570	900	-	-	-	-	1,470
Investment Income	7,401	-	-	-	-	-	7,401
Miscellaneous	12,505	-	-	-	-	-	12,505
Inkind Contributions	-	-	-	-	-	-	-
Total Revenues	57,976	970,146	34,397	14,165	8,486	41,723	1,126,893
EXPENDITURES							
Health, Welfare, & Social Services							
Current:							
Personnel	-	180,613	237,512	6,262	70,845	328	495,560
Fringe	-	51,268	88,796	13,741	28,378	144	182,327
Meals	-	50,948	-	11,490	25,624	-	88,062
Operating Services	-	64,565	44,584	4,474	14,944	79	128,646
Operating Supplies	-	24,730	5,897	502	1,807	909	33,845
Other Costs	6,664	13,375	18,345	1,622	5,973	31	46,010
Travel	-	-	3,526	352	1,299	7	5,184
Utility Assistance	-	-	-	-	-	-	-
Capital Outlays	-	9,639	-	-	-	-	9,639
Inkind	-	-	-	-	-	-	-
Total Expenditures	6,664	395,138	398,660	38,443	148,870	1,498	989,273
Excess (deficiency) of Revenues over Expenditures	51,312	575,008	(364,263)	(24,278)	(140,384)	40,225	137,620
OTHER FINANCING SOURCES (USES)							
Transfers In	14,590	-	364,263	24,278	141,024	788	544,943
Transfers Out	(51,674)	(452,556)	-	-	(640)	(40,073)	(544,943)
Total other Financing Sources and Uses	(37,084)	(452,556)	364,263	24,278	140,384	(39,285)	-
Net Increase (Decrease) in Fund Balances	14,228	122,452	-	-	-	940	137,620
FUND BALANCES							
Beginning of the Year	11,337	1,615,549	-	-	-	9,460	1,636,346
End of the Year	\$ 25,565	\$ 1,738,001	\$ -	\$ -	\$ -	\$ 10,400	\$ 1,773,966

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana

Year Ended June 30, 2018

Net Increase (Decrease) in fund balances – total governmental funds	\$ 137,620
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$9,639 differs from depreciation (\$33,402) in the current period.</p>	
	(23,763)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Compensated absences	<u>(11,408)</u>
Increase (Decrease) of net position of governmental activities	<u>\$102,449</u>

NOTES TO FINANCIAL STATEMENTS

West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana

June 30, 2018

Note 1 - Summary Of Significant Accounting Policies

A. Statement of Presentation:

The accompanying financial statements conform to generally accepted accounting principles for local government units as prescribed by Statement 1, Governmental Accounting and Financial Reporting Principles published by the National Council on Governmental Accounting, and Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants.

The local councils on the aging were created under Act No. 456 of 1964 for the welfare of the aging people in their respective parish.

B. Fund Accounting:

The accounts of the Council are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund 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 various funds presented in the financial statements in this report are as follows:

Governmental Fund types

Governmental funds are those through which most governmental functions of the Council are financed. The acquisition, use and balances of the Council's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Council's governmental funds:

Note 1 - Summary Of Significant Accounting Policies (continued)

Governmental Fund (continued):

General Fund - The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes. Most of the Council’s special revenue funds are provided by GOEA.

The Title III funds are provided by the United States Department of Health and Human Services – Administration on Aging through the Governor’s Office of Elderly Affairs which in turn “passes through” the funds to the Capital Area Agency on Aging and then to the Council.

The following are the funds which comprise the Council’s Special Revenue Funds:

Major Special Revenue Funds

A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category type.

Title III-B Supportive Services Fund

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

GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services provided during the fiscal year, are as follows:

- Information and Assistance
- Homemaker
- Recreation
- Transportation for people age 60 or older
- Utility Assistance
- Medical Alert
- Telephoning

Title III C-1 Congregate Meals Fund

The Title III C-1 Fund is used to account for funds which are used to provide nutritional, congregate meals to the elderly in strategically located centers.

Title III C-2 Home Delivered Meals Fund

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

Millage Fund

The Millage Fund is used to account for the revenue received from a West Baton Rouge Parish property tax. These funds significantly finance the Council's budget and activities.

Non Major Special Revenue Funds

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program provides community service centers at which older persons receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community.

Title III-E Fund

The Title III-E Fund is used to account for funds which are used to provide continuing education services to assist individuals to acquire knowledge about services and/or care giving role and needs.

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging through the state to be used to supplement the primary state grant for senior centers. West Baton Rouge Council on Aging, Inc. was one of the parish councils to receive a supplemental grant. These funds are "passed through" the Governor's Office of Elderly Affairs.

C. Capital Assets:

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

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

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

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

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

D. Transfers:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for as an asset or liability through the various due from and due to accounts.

E. Budget Policy:

Budgets for the programs are prepared by the Council's Executive Director and approved by the grantors and the Council's board of directors.

F. Compensated Absences:

For government wide financial statements, the Council's liability for accumulated unpaid vacation has been recorded. The liability has been determined using the number of vested vacation hours for each employee multiplied by the employee's current wage rate at the end of the year. The maximum hours that can be carried forward for an employee is 480. Accrued vacation benefits will be paid from future years' resources and 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. The Council's sick leave policy does not provide for the vesting of sick leave where payment would have to be made to a terminated employee for any unused portion.

G. Management's Use of Estimates:

The preparation of financial statements in conformity with 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.

H. Revenue Recognition:

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

Note 2 - Board of Director's Compensation

The Board of Directors is a voluntary Board; therefore, no compensation has been paid to any member.

Note 3 - In Kind Financial Assistance

The Council receives nominal financial assistance from the West Baton Rouge Parish government. However, facilities and land are owned by the Parish. No rent is charged under a 99 year lease agreement which expires December 31, 2097.

Note 4 - Economic Dependency

The Council receives a portion of its revenue from funds provided through grants administered by the Louisiana Governor's Office of Elderly Affairs, and the Capital Area Agency on Aging-District II, Inc. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced 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 in the next fiscal year.

Note 5 - Transfers

Transfers in and out are listed by fund type for the year ended June 30, 2018:

	Transfers Out					
	Senior Center	Sup Senior Center	Millage Fund	General Fund	III C-2	Total Transfers In
<u>Transfers In</u>						
<u>Special Revenue Fund:</u>						
Title III B	\$ 36,973	\$ 3,100	\$ 272,516	\$ 51,674	\$ -	\$ 364,263
Title III C-1		-	24,278	-	-	24,278
Title III C-2	-	-	141,024	-	-	141,024
Title III E			148	-	640	788
General Fund	-	-	14,590	-	-	14,590
	-	-	14,590	-	-	14,590
Total Transfers Out	\$ 36,973	\$ 3,100	\$ 452,556	\$ 51,674	\$ 640	\$ 544,943

Note 6 - General Fixed Assets

The changes in the general fixed asset account group are as follows:

	<u>Balance</u> <u>6/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2018</u>
Furniture and Equipment	\$ 80,789	\$ 9,639	\$ -	\$ 90,428
Land and Building Improvements	54,653	-	-	54,653
Vehicles	<u>180,604</u>	<u>-</u>	<u>-</u>	<u>180,604</u>
	<u>\$ 316,046</u>	<u>\$ 9,639</u>	<u>\$ -</u>	<u>\$ 325,685</u>

Note 7 - Deposits With Financial Institutions

At June 30, 2018, The Council had bank balances totaling \$1,773,308. Bank balances totaling \$250,000 are insured by federal deposit insurance while deposits of \$1,523,308 are collateralized by securities held by the depository bank in the Council's name. This is considered as "Category 1" credit risk in accordance with GASB Statement 3.

GASB Statement 3 categories deposits into three categories of credit risk:

1. Insured by FDIC or collateralized with securities held by the Council or by its agent in the Council's name. (Category 1)
2. Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name. (Category 2)
3. Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Council's name; or collateralized with no written or approved collateral agreement. (Category 3)

Note 8 – Grants & Accounts Receivable

Accounts receivable at June 30, 2018 included the following funds:

<u>Special Revenue</u>	
Title III B	\$ 2,569
Title III C-1	1,019
Title III C-2	1,048
Title III E	<u>300</u>
Total	<u>\$ 4,936</u>

Note 9 – Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code.

Note 10 – Subsequent Events

Management has evaluated subsequent events through December 17, 2018, which is the date the financial statements were available to be issued. There were no events that required disclosure.

SUPPLEMENTARY FINANCIAL INFORMATION

Required by GASB 34

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND**

**WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2018**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Capital Area Agency on Aging District II, Inc. State of Louisiana	- 37,500	- 37,500	- 37,500	-
Other:				
Miscellaneous	-	-	12,505	12,505
Contributions	-	-	570	570
Investment Income	-	-	7,401	7,401
Total Revenues	<u>37,500</u>	<u>37,500</u>	<u>57,976</u>	<u>20,476</u>
<u>EXPENDITURES</u>				
Current:				
Personnel	-	-	-	-
Fringe	-	-	-	-
Operating services	-	-	-	-
Operating supplies	-	-	-	-
Meals	-	-	-	-
Travel	-	-	-	-
Capital outlay	-	-	-	-
Utility assistance	-	-	-	-
Other	-	-	6,664	(6,664)
Total Expenditures	<u>-</u>	<u>-</u>	<u>6,664</u>	<u>(6,664)</u>
Excess of Revenues over (under) Expenditures	37,500	37,500	51,312	13,812
<u>OTHER FINANCING SOURCES</u> <u>USES</u>				
Operating transfers in	-	-	14,590	14,590
Operating transfers out	(37,500)	(37,500)	(51,674)	(14,174)
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,228</u>	<u>\$ 14,228</u>

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III-B**

**WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2018**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Capital Area Agency on Aging District II, Inc.	33,745	33,745	33,745	-
State of Louisiana	-	-	-	-
Other:				
Miscellaneous	-	-	-	-
Contributions	1,000	1,000	652	(348)
Contributions in Kind	-	-	-	-
Total Revenues	34,745	34,745	34,397	(348)
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind				-
Personnel	217,775	220,858	237,512	(16,654)
Fringe	106,711	74,828	88,796	(13,968)
Travel	3,623	5,057	3,526	1,531
Operating services	41,659	46,383	44,584	1,799
Operating supplies	6,559	6,761	5,897	864
Meals	-	-	-	-
Capital outlay	-	-	-	-
Utility assistance	-	-	-	-
Other	15,413	16,058	18,345	(2,287)
Total Expenditures	391,740	369,945	398,660	(28,715)
Excess of Revenues over (under) Expenditures	(356,995)	(335,200)	(364,263)	(29,063)
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	356,995	335,200	364,263	29,063
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III C-1**

**WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2018**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Capital Area Agency on Aging District II, Inc. State of Louisiana	10,952	10,952	10,952	-
Other:				
Miscellaneous	-	-	-	-
Contributions	3,000	3,000	3,213	213
Contributions in Kind	-	-	-	-
Total Revenues	13,952	13,952	14,165	213
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	-	-	-	-
Personnel	25,274	16,331	6,262	10,069
Fringe	23,919	17,771	13,741	4,030
Travel	391	458	352	106
Operating services	5,490	4,665	4,474	191
Operating supplies	977	764	502	262
Meals	10,500	10,500	11,490	(990)
Capital outlay	-	7,812	-	7,812
Other	2,296	1,814	1,622	192
Total Expenditures	68,847	60,115	38,443	21,672
Excess of Revenues over (under) Expenditures	(54,895)	(46,163)	(24,278)	21,885
<u>OTHER FINANCING SOURCES</u>				
<u>USES</u>				
Operating transfers in	54,895	46,163	24,278	(21,885)
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III C-2**

**WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2018**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Capital Area Agency on Aging District II, Inc.	7,576	7,576	7,576	-
State of Louisiana	-	-	-	-
Other:				
Miscellaneous	-	-	-	-
Contributions	1,000	1,000	910	(90)
Contributions in Kind	-	-	-	-
Total Revenues	8,576	8,576	8,486	(90)
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	-	-	-	-
Personnel	84,981	78,214	70,845	7,369
Fringe	38,501	31,643	28,378	3,265
Operating services	13,780	15,028	14,944	84
Operating supplies	2,452	2,461	1,807	654
Meals	-	16,293	25,624	(9,331)
Travel	981	1,477	1,299	178
Capital outlay	23,426	-	-	-
Utility assistance	-	-	-	-
Other	5,762	5,845	5,973	(128)
Total Expenditures	169,883	150,961	148,870	2,091
Excess of Revenues over (under) Expenditures	(161,307)	(142,385)	(140,384)	2,001
<u>OTHER FINANCING SOURCES</u> <u>USES</u>				
Operating transfers in	161,307	142,385	141,024	(1,361)
Operating transfers out	-	-	(640)	640
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ 1,280

**SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - MILLAGE**

**WEST BATON ROUGE COUNCIL ON AGING, INC.
PORT ALLEN, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2018**

<u>REVENUES</u>	<u>BUDGETS</u>		<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Ad valorem taxes	\$ 956,733	\$ 961,111	\$ 969,246	\$ 8,135
Intergovernmental:				
Capital Area Agency on Aging District II, Inc.	-	-	-	-
State of Louisiana	-	-	-	-
Other:				
Miscellaneous	-	-	-	-
Contributions	-	-	900	900
Contributions in Kind	-	-	-	-
Total Revenues	<u>956,733</u>	<u>961,111</u>	<u>970,146</u>	<u>9,035</u>
<u>EXPENDITURES</u>				
Current:				
Expenditures in Kind	-	-	-	-
Personnel	226,481	176,304	180,613	(4,309)
Fringe	65,555	89,760	51,268	38,492
Operating services	62,000	70,000	64,565	5,435
Operating supplies	20,000	25,000	24,730	270
Meals	46,574	53,707	50,948	2,759
Travel	-	-	-	-
Capital outlay	10,000	10,000	9,639	361
Utility assistance	-	-	-	-
Other	25,000	25,000	13,375	11,625
Total Expenditures	<u>455,610</u>	<u>449,771</u>	<u>395,138</u>	<u>54,633</u>
Excess of Revenues over (under) Expenditures	501,123	511,340	575,008	63,668
<u>OTHER FINANCING SOURCES USES</u>				
Operating transfers in				-
Operating transfers out	(490,346)	(446,177)	(452,556)	(6,379)
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 10,777</u>	<u>\$ 65,163</u>	<u>\$ 122,452</u>	<u>\$ 57,289</u>

SUPPLEMENTARY FINANCIAL INFORMATION

Required by: Governor's Office of Elderly Affairs

Statement of Revenues, Expenditures, and Changes in Fund Balances

Non Major Funds

West Baton Rouge Council on Aging, Inc.

Baton Rouge, LA

For the Year Ended June 30, 2018

	Senior Center	Title III E	Utility Assistance	MIPPA	Supplemental Senior Center	Total Non Major Funds
REVENUES						
Advalorem Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental						
Capital Area Agency on Aging District II, Inc.	-	750	-	-	-	750
Governor's Office of Elderly Affairs	36,973	-	-	900	3,100	40,973
Public Support	-	-	-	-	-	-
Contributions-clients	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Inkind Contributions	-	-	-	-	-	-
Total Revenues	<u>36,973</u>	<u>750</u>	<u>-</u>	<u>900</u>	<u>3,100</u>	<u>41,723</u>
EXPENDITURES						
Health, Welfare, & Social Services						
Current:						
Personnel	-	328	-	-	-	328
Fringe	-	144	-	-	-	144
Meals	-	-	-	-	-	-
Operating Services	-	79	-	-	-	79
Operating Supplies	-	9	-	900	-	909
Other Costs	-	31	-	-	-	31
Travel	-	7	-	-	-	7
Utility Assistance	-	-	-	-	-	-
Capital Outlays	-	-	-	-	-	-
Inkind	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>598</u>	<u>-</u>	<u>900</u>	<u>-</u>	<u>1,498</u>
Excess (deficiency) of Revenues over Expenditures	<u>36,973</u>	<u>152</u>	<u>-</u>	<u>-</u>	<u>3,100</u>	<u>40,225</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	788	-	-	-	788
Transfers Out	(36,973)	-	-	-	(3,100)	(40,073)
Total other Financing Sources and Uses	<u>(36,973)</u>	<u>788</u>	<u>-</u>	<u>-</u>	<u>(3,100)</u>	<u>(39,285)</u>
Net Increase (Decrease) in Fund Balances	<u>-</u>	<u>940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>940</u>
FUND BALANCES						
Beginning of the Year	-	555	8,905	-	-	9,460
End of the Year	\$ -	\$ 1,495	\$ 8,905	\$ -	\$ -	\$ 10,400

**COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS AND CHANGES IN
GENERAL FIXED ASSETS**

West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana

For the year ended June 30, 2018

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
General Fixed Assets:				
Vehicles	\$ 180,604	\$ -	\$ -	\$ 180,604
Land and building improvements	54,653	-	-	54,653
Office Furniture and Equipment	80,789	9,639	-	90,428
Total Fixed Assets	\$ 316,046	\$ 9,639	\$ -	\$ 325,685
Investment in General Fixed Assets:				
Property acquired with funds from-				
PCOA	117,088	-	-	117,088
Local	2,800	-	-	2,800
Millage	191,619	9,639	-	201,258
Senior Center	4,539	-	-	4,539
Title III B	-	-	-	-
Title III C-1	-	-	-	-
Total Investments in General Fixed Assets	\$ 316,046	\$ 9,639	\$ -	\$ 325,685

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

**West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana
For the year ended June 30, 2018**

Executive Director's (Agency Head) Name: Tommie Gordon

Purpose	Amount
Salary - Tommie	\$ 70,000
Benefits-insurance (health and life)	4,800
Benefits-retirement	
Benefits-Other (describe)	
Benefits-Other (describe)	
Benefits-Other (describe)	
Car allowance	
Vehicle provided by government (enter amount reported on W-2)	
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Housing	
Unvouchered expenses (example: travel advances, etc.)	
Special meals	
Other - Petty Cash Reimbursements	

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

To the Board of Directors,
West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Baton Rouge Council on Aging, Port Allen, Louisiana, (the Council) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued my report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Baton Rouge, Louisiana,
December 17, 2018


Michael R. Choate & Company, CPAs

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS

**West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana**

June 30, 2018

There were no deficiencies found for the prior year June 30, 2017.

WEST BATON ROUGE COUNCIL ON AGING
AGREED UPON PROCEDURES REPORT
For the year ended June 30, 2018

MICHAEL R. CHOATE & COMPANY
Certified Public Accountants

Independent Accountant's Report on Applying Agreed-Upon Procedures

West Baton Rouge Council on Aging, Inc.
Port Allen, Louisiana, USA

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

We have performed the procedures enumerated below, which were agreed to by West Baton Rouge 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, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Procedures:

1. Determine if the following accounting **policies are in writing** and address the issues described in the attached Appendix.

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

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

Findings:

1. **Written policies exist for all the AUP categories.** Ethics policy needs to be amended to include: “actions to be taken if an ethics violation takes place; system to monitor possible ethics violations and; requirement that all employees annually attest through signature that they have read the Council’s ethics policy.

Management response: Ethics policy will be amended.

2. Testing of all other AUP categories:

Board or Finance committee – no findings ; **Bank reconciliations** – no findings;
Collections – no findings; **Non payroll disbursements** - no findings; **Credit cards** – no findings; **Travel expenditures** – no findings; **Contracts** (vendors) – no findings; **Payroll** – no findings;

Ethics – finding - no documentation that employees had attested thru signature that they had read the Council’s ethics policy.

Management response: Signature verification will be obtained to document that employees have read Ethics policy.

Debt service – no findings; **Other** – no findings.

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.

December 17, 2018


Michael R Choate & Company CPAs

APPENDIX

*Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures
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Procedures

Report all exceptions to the following procedures, either after each procedure or after all procedures within each of the twelve AUP categories. “Random” selections may be made using Microsoft Excel’s random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide - *Audit Sampling*).

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):³
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, 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).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements,

³ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization’s operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

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- (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) *Ethics*⁴, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Board or Finance Committee*⁵

- 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.
 - 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.⁶ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - 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.

⁴ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

⁵ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

⁶ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

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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 accounts⁷ (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);
 - 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
 - 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.

Collections

4. Obtain a listing of deposit sites⁸ 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).
5. For each deposit site selected, obtain a listing of collection locations⁹ 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.
 - 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.

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

⁸ A deposit site is a physical location where a deposit is prepared and reconciled.

⁹ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

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- 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.
 - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or 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)¹⁰. *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.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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

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

¹⁰ If “bank reconciliations” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

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- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - 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.
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.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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(1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements¹¹ (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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law¹² (e.g., solicited quotes or bids, advertised), if required by law.
 - 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).

¹¹ Non-travel reimbursements are not required to be tested under this category.

¹² If the entity has adopted the state Procurement Code, replace “Louisiana Public Bid Law” with “Louisiana Procurement Code.”

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

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.
- 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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 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.

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*Ethics*¹³

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above¹⁴, 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.
 - 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.

*Debt Service*¹⁵

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.
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.

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.
24. Observe that the entity has posted on its premises¹⁶ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁷

¹³ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹⁴ If “payroll and personnel” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

¹⁵ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

¹⁶ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁷ This notice is available for download or print at www.lja.la.gov/hotline.