

LAFAYETTE COUNCIL ON AGING, INC.
Lafayette, Louisiana

Financial Report

Year Ended June 30, 2018

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(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette Council on Aging, Inc., as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette Council on Aging, Inc., as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows 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 budgetary comparison information on pages 41 through 47 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Council on Aging, Inc.'s basic financial statements. The schedule of non-major funds, comparative schedule of general fixed assets and comparative financial statements on pages 49 through 53 are presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on pages 55 through 56 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of non-major funds, comparative schedule of general fixed assets, comparative financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of non-major funds, comparative schedule of general fixed assets, comparative financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also issued a report dated October 30, 2017, on our consideration of the Lafayette Council on Aging, Inc.'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 Lafayette Council on Aging, Inc.'s internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

November 20, 2018

GOVERNMENT WIDE FINANCIAL STATEMENTS

LAFAYETTE COUNCIL ON AGING, INC.

Government Wide Statement of Net Position
June 30, 2018

| | Governmental Activities | Business - Type Activities | Total |
|--|----------------------------|-------------------------------|---------------------|
| Assets | | | |
| Cash | \$ 172,933 | \$ 1,439,632 | \$ 1,612,565 |
| Cash - restricted | - | 62,291 | 62,291 |
| Cash - restricted for debt service (USDA) | - | 89,679 | 89,679 |
| Accounts receivable | 33,300 | 5,502 | 38,802 |
| Grants and contracts receivable | 41,605 | - | 41,605 |
| Prepaid expenses | 16,694 | 85,519 | 102,213 |
| Capital assets, net of accumulated depreciation | <u>91,672</u> | <u>5,246,767</u> | <u>5,338,439</u> |
| Total Assets | <u>356,204</u> | <u>6,929,390</u> | <u>7,285,594</u> |
| Liabilities | | | |
| Accounts payable | 22,126 | 6,630 | 28,756 |
| Tenants' deposits - payable from restricted cash | - | 64,464 | 64,464 |
| Accrued payroll and related benefits | 10,452 | - | 10,452 |
| Accrued compensated absences | 36,162 | - | 36,162 |
| Deferred revenue | 4,544 | - | 4,544 |
| Notes payable: | | | |
| Current portion | - | 113,968 | 113,968 |
| Non-current portion | - | 2,062,389 | 2,062,389 |
| Capital lease: | | | |
| Current portion | 1,832 | - | 1,832 |
| Non-current portion | <u>2,001</u> | <u>-</u> | <u>2,001</u> |
| Total Liabilities | <u>77,117</u> | <u>2,247,451</u> | <u>2,324,568</u> |
| Net Position | | | |
| Invested in Capital Assets, net of debt | 87,839 | 3,070,410 | 3,158,249 |
| Restricted for: | | | |
| Title III B | 3,054 | - | 3,054 |
| Title III E | 230 | - | 230 |
| Meals donation | 19,908 | - | 19,908 |
| Ineligible meals | 3,431 | - | 3,431 |
| United Way | 2,249 | - | 2,249 |
| Office maintenance | 5,158 | - | 5,158 |
| Workers' compensation claim | 68,531 | - | 68,531 |
| Prepaid expenses | 16,694 | 85,519 | 102,213 |
| Unrestricted | <u>71,993</u> | <u>1,526,010</u> | <u>1,598,003</u> |
| Total Net Position | <u>\$ 279,087</u> | <u>\$ 4,681,939</u> | <u>\$ 4,961,026</u> |

The accompanying notes are an integral part of this statement.

LAFAYETTE COUNCIL ON AGING, INC.

Government Wide Statement of Activities
Year Ended June 30, 2018

| Function/Programs | Direct Expenses | Indirect Expenses |
|---|----------------------------|------------------------------|
| Governmental Activities | | |
| Health, Welfare & Social Services: | | |
| Supportive Services: | | |
| Homemaker | \$ 82,386 | 15,342 |
| Information and assistance | 31,688 | 5,901 |
| Outreach | 2,151 | 401 |
| Transportation | 40,097 | 7,467 |
| Nutrition Services: | | |
| Congregate meals | 66,541 | 13,483 |
| Nutrition education | 1,476 | - |
| Home delivered meals | 210,970 | 34,223 |
| National Family Caregiver Support: | | |
| Outreach | - | - |
| Information and assistance | 15,990 | 3,081 |
| In Home Respite | 34,827 | 6,712 |
| Senior Center - Recreation | 141,288 | 42,247 |
| Foster Grandparent Program | 255,752 | 68,857 |
| Elderly Housing Management | 177,766 | - |
| Senior Olympics | 10,559 | - |
| Newspaper | 16,652 | - |
| Office Rental | 16,144 | - |
| Administration | <u>223,366</u> | <u>-</u> |
| Total governmental activities | <u>1,327,653</u> | <u>197,714</u> |
| Business-Type Activities | | |
| Woodvale Place Apartments | 1,081,719 | - |
| Belle Rose Gardens | 338,556 | - |
| Total business-type activities | <u>1,420,275</u> | <u>-</u> |
| Total | <u>\$ 2,747,928</u> | <u>197,714</u> |

| | | | Net (Expense) Revenue and Increases (Decreases) in Net Position | | |
|---|---------------------------------------|-------------------------------------|--|-------------------------------|---------------------|
| Charges for Services | Program Revenues | | Total | Total | Total |
| | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business - Type Activities | |
| \$ 5,935 | \$ 61,940 | \$ - | (29,853) | \$ - | \$ (29,853) |
| - | 22,333 | - | (15,256) | - | (15,256) |
| - | 1,688 | - | (864) | - | (864) |
| 7,523 | 25,687 | - | (14,354) | - | (14,354) |
| - | 63,723 | - | (16,301) | - | (16,301) |
| - | 1,212 | - | (264) | - | (264) |
| 57,709 | 16,193 | - | (171,291) | - | (171,291) |
| - | 10,102 | - | 10,102 | - | 10,102 |
| - | 5,571 | - | (13,500) | - | (13,500) |
| - | 36,848 | - | (4,691) | - | (4,691) |
| - | - | - | (183,535) | - | (183,535) |
| - | 317,514 | - | (7,095) | - | (7,095) |
| - | 339,574 | - | 161,808 | - | 161,808 |
| 10,324 | - | - | (235) | - | (235) |
| 16,710 | - | - | 58 | - | 58 |
| 11,617 | - | - | (4,527) | - | (4,527) |
| - | <u>223,366</u> | - | - | - | - |
| <u>109,818</u> | <u>1,125,751</u> | - | <u>(289,798)</u> | - | <u>(289,798)</u> |
| 741,045 | 407,509 | - | - | 66,835 | 66,835 |
| 373,519 | - | - | - | 34,963 | 34,963 |
| <u>1,114,564</u> | <u>407,509</u> | - | - | <u>101,798</u> | <u>101,798</u> |
| <u>\$ 1,224,382</u> | <u>\$ 1,533,260</u> | <u>\$ -</u> | <u>(289,798)</u> | <u>101,798</u> | <u>(188,000)</u> |
| General Revenues: | | | | | |
| Grants and contributions not restricted to specific programs | | | 220,247 | - | 220,247 |
| Unrestricted investment income | | | - | 21,969 | 21,969 |
| Miscellaneous | | | 12,352 | - | 12,352 |
| Transfers | | | 5,934 | (5,934) | - |
| Total general revenues and transfers | | | <u>238,533</u> | <u>16,035</u> | <u>254,568</u> |
| Increase (decrease) in net position | | | (51,265) | 117,833 | 66,568 |
| Net position - beginning of the year | | | <u>330,352</u> | <u>4,564,106</u> | <u>4,894,458</u> |
| Net position - end of the year | | | <u>\$ 279,087</u> | <u>\$ 4,681,939</u> | <u>\$ 4,961,026</u> |

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

LAFAYETTE COUNCIL ON AGING, INC.

Balance Sheet
Governmental Funds
June 30, 2018

| | General Fund | Title III B | Title III C-2 | Elderly Housing Management | Foster Grandparents |
|---|-------------------|------------------|------------------|----------------------------------|------------------------|
| Assets | | | | | |
| Cash | \$ 160,630 | \$ - | \$ - | \$ - | \$ 12,303 |
| Accounts receivable | 5,646 | - | - | 1,635 | 26,019 |
| Grants and contracts receivable | - | 10,456 | 638 | - | - |
| Due from other funds | 268,018 | - | - | 1,070 | - |
| Prepaid expenditures | 16,694 | - | - | - | - |
| Total Assets | <u>\$ 450,988</u> | <u>\$ 10,456</u> | <u>\$ 638</u> | <u>\$ 2,705</u> | <u>\$ 38,322</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 901 | - | - | - | 20,285 |
| Accrued payroll and related benefits | 10,452 | - | - | - | - |
| Deferred revenue | 1,847 | - | - | 2,697 | - |
| Due to other funds | <u>219,841</u> | <u>10,456</u> | <u>638</u> | <u>-</u> | <u>18,037</u> |
| Total Liabilities | <u>233,041</u> | <u>10,456</u> | <u>638</u> | <u>2,697</u> | <u>38,322</u> |
| Fund Balances: | | | | | |
| Nonspendable | | | | | |
| Prepaid expenditures | 16,694 | - | - | - | - |
| Restricted for: | | | | | |
| Future expenditures | 34,030 | - | - | - | - |
| Assigned for: | | | | | |
| Workers' compensation claim | 68,531 | - | - | - | - |
| Unassigned | <u>98,692</u> | <u>-</u> | <u>-</u> | <u>8</u> | <u>-</u> |
| Total Fund Balances | <u>217,947</u> | <u>-</u> | <u>-</u> | <u>8</u> | <u>-</u> |
| Total Liabilities and Fund Balances | <u>\$ 450,988</u> | <u>\$ 10,456</u> | <u>\$ 638</u> | <u>\$ 2,705</u> | <u>\$ 38,322</u> |

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

- Compensated absences accrued are not paid for out of current financial resources and therefore are not reported in the funds
- Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Total net position of governmental activities

| Non-Major Funds | Total |
|--------------------|-------------------|
| \$ - | \$ 172,933 |
| - | 33,300 |
| 30,511 | 41,605 |
| 9,455 | 278,543 |
| - | <u>16,694</u> |
| <u>\$ 39,966</u> | <u>\$ 543,075</u> |

| | |
|---------------|----------------|
| 940 | 22,126 |
| - | 10,452 |
| - | 4,544 |
| <u>29,571</u> | <u>278,543</u> |
| <u>30,511</u> | <u>315,665</u> |

| | |
|------------------|----------------|
| - | 16,694 |
| - | 34,030 |
| - | 68,531 |
| <u>9,455</u> | <u>108,155</u> |
| <u>9,455</u> | <u>227,410</u> |
| <u>\$ 39,966</u> | |

(36,162)

(3,833)

91,672

\$ 279,087

The accompanying notes are an integral part of this statement.

LAFAYETTE COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2018

| | General Fund | Title III B | Title III C-2 | Elderly Housing Management | Foster Grandparents |
|---|-------------------|-----------------|------------------|----------------------------------|------------------------|
| REVENUES | | | | | |
| Intergovernmental: | | | | | |
| Governor's Office of Elderly Affairs | \$ 274,811 | \$ - | \$ - | \$ - | \$ - |
| Cajun Area Agency on Aging, Inc. | - | 111,648 | 16,193 | - | - |
| Corporation for National and Community Service | - | - | - | - | 317,514 |
| Department of Transportation and Development | 64,251 | - | - | - | - |
| Program Service Fees: | | | | | |
| Transportation | - | 7,523 | - | - | - |
| Homemaker | - | 5,935 | - | - | - |
| Home delivered meals | - | - | 57,709 | - | - |
| Local and miscellaneous: | | | | | |
| Municipalities | 21,000 | - | - | - | - |
| Office rental | 11,617 | - | - | - | - |
| Newspaper | 16,710 | - | - | - | - |
| United givers | 2,249 | - | - | - | - |
| Foundation on Aging | 52,400 | - | - | - | - |
| Donations | 12,979 | - | - | - | - |
| Rental income | - | - | - | 339,574 | - |
| Fundraising | 15,923 | - | - | - | - |
| Miscellaneous | 12,352 | - | - | - | - |
| Total Revenues | <u>484,292</u> | <u>125,106</u> | <u>73,902</u> | <u>339,574</u> | <u>317,514</u> |
| EXPENDITURES | | | | | |
| Health, Welfare, & Social Services | | | | | |
| Current: | | | | | |
| Personnel | 210,371 | 118,122 | 150,093 | 145,167 | 55,486 |
| Fringe | 27,564 | 17,045 | 14,733 | 23,477 | 10,872 |
| Travel | 4,820 | 15,017 | 58,300 | 445 | 16,580 |
| Operating Services | 108,907 | 28,036 | 19,004 | 8,677 | 8,097 |
| Operating Supplies | 8,449 | 7,213 | 3,063 | - | 757 |
| Other Costs | 48,291 | - | - | - | 232,817 |
| Debt service | 2,376 | - | - | - | - |
| Capital Outlay | 39,561 | - | - | - | - |
| Total Expenditures | <u>450,339</u> | <u>185,433</u> | <u>245,193</u> | <u>177,766</u> | <u>324,609</u> |
| Excess (deficiency) of revenues over expenditures | <u>33,953</u> | <u>(60,327)</u> | <u>(171,291)</u> | <u>161,808</u> | <u>(7,095)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 137,717 | 62,336 | 171,291 | - | 7,095 |
| Transfers out | <u>(195,486)</u> | <u>(2,009)</u> | <u>-</u> | <u>(198,195)</u> | <u>-</u> |
| Total other financing sources and uses | <u>(57,769)</u> | <u>60,327</u> | <u>171,291</u> | <u>(198,195)</u> | <u>7,095</u> |
| Net increase (decrease) in fund balances | (23,816) | - | - | (36,387) | - |
| FUND BALANCES | | | | | |
| Beginning of the year | <u>241,763</u> | <u>-</u> | <u>-</u> | <u>36,395</u> | <u>-</u> |
| End of the year | <u>\$ 217,947</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ -</u> |

| Non-Major Funds | Total Governmental Funds |
|--------------------|--------------------------------|
| \$ - | \$ 274,811 |
| 112,656 | 240,497 |
| - | 317,514 |
| - | 64,251 |
| - | 7,523 |
| - | 5,935 |
| - | 57,709 |
| - | 21,000 |
| - | 11,617 |
| - | 16,710 |
| - | 2,249 |
| - | 52,400 |
| - | 12,979 |
| - | 339,574 |
| - | 15,923 |
| <u>15,124</u> | <u>27,476</u> |
| <u>127,780</u> | <u>1,468,168</u> |
| | |
| 103,546 | 782,785 |
| 11,296 | 104,987 |
| 2,498 | 97,660 |
| 15,902 | 188,623 |
| 4,578 | 24,060 |
| 14,849 | 295,957 |
| - | 2,376 |
| - | 39,561 |
| <u>152,669</u> | <u>1,536,009</u> |
| | |
| <u>(24,889)</u> | <u>(67,841)</u> |
| | |
| 24,884 | 403,323 |
| <u>(1,699)</u> | <u>(397,389)</u> |
| <u>23,185</u> | <u>5,934</u> |
| (1,704) | (61,907) |
| | |
| <u>11,159</u> | <u>289,317</u> |
| <u>\$ 9,455</u> | <u>\$ 227,410</u> |

The accompanying notes are an integral part of this statement.

LAFAYETTE COUNCIL ON AGING, INC.

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2018

| | |
|--|--------------------|
| Net decrease in fund balances - total governmental funds | \$ (61,907) |
| 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 depreciation (\$18,032) exceeded capital outlays (\$39,561) during the year | 21,529 |
| Governmental funds report principal payments on debt as expenditures. However, in the government wide financial statements these payments are recorded as a reduction of the note payable | 1,533 |
| 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: | |
| Compensated absences | <u>(12,420)</u> |
| Decrease in net position of governmental activities | <u>\$ (51,265)</u> |

The accompanying notes are an integral part of this statement.

LAFAYETTE COUNCIL ON AGING, INC.

Statement of Net Position
 Proprietary Funds
 June 30, 2018

| | Woodvale Place Apartments | Belle Rose Gardens | Total |
|--|------------------------------|-----------------------|---------------------|
| Assets | | | |
| Cash | \$ 1,254,238 | \$ 185,394 | \$ 1,439,632 |
| Cash - restricted deposits | 45,836 | 16,455 | 62,291 |
| Cash - reserved for debt service (USDA) | - | 89,679 | 89,679 |
| Accounts receivable | 5,502 | - | 5,502 |
| Prepaid expenses | 61,907 | 23,612 | 85,519 |
| Capital assets, net of accumulated depreciation | <u>2,455,749</u> | <u>2,791,018</u> | <u>5,246,767</u> |
| Total Assets | <u>3,823,232</u> | <u>3,106,158</u> | <u>6,929,390</u> |
| | | | |
| Total Assets | <u>\$ 3,823,232</u> | <u>\$ 3,106,158</u> | <u>\$ 6,929,390</u> |
| Liabilities | | | |
| Accounts payable | \$ 6,630 | \$ - | \$ 6,630 |
| Tenants' deposits - payable from restricted cash | 49,164 | 15,300 | 64,464 |
| Notes payable: | | | |
| Current portion | - | 113,968 | 113,968 |
| Non-current portion | <u>-</u> | <u>2,062,389</u> | <u>2,062,389</u> |
| Total Liabilities | <u>55,794</u> | <u>2,191,657</u> | <u>2,247,451</u> |
| Net Position | | | |
| Invested in Capital Assets, net of debt | 2,455,749 | 614,661 | 3,070,410 |
| Restricted | 61,907 | 23,612 | 85,519 |
| Unrestricted | <u>1,249,782</u> | <u>276,228</u> | <u>1,526,010</u> |
| Total Net Position | <u>\$ 3,767,438</u> | <u>\$ 914,501</u> | <u>\$ 4,681,939</u> |

The accompanying notes are an integral part of this statement

LAFAYETTE COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Net Position
 Proprietary Funds
 Year Ended June 30, 2018

| | Woodvale Place <u>Apartments</u> | Belle Rose <u>Gardens</u> | <u>Total</u> |
|---|-------------------------------------|------------------------------|---------------------|
| Operating Revenue | | | |
| Rental income | \$ 1,118,404 | \$ 372,769 | \$ 1,491,173 |
| Other income | <u>30,150</u> | <u>750</u> | <u>30,900</u> |
| Total Operating Revenues | <u>1,148,554</u> | <u>373,519</u> | <u>1,522,073</u> |
| Operating Expenses | | | |
| Rental | 4,457 | 360 | 4,817 |
| Administrative | 280,348 | 78,565 | 358,913 |
| Taxes and insurance | 80,373 | - | 80,373 |
| Maintenance | 432,652 | 55,778 | 488,430 |
| Depreciation | 201,162 | 98,398 | 299,560 |
| Operating | 82,727 | 7,481 | 90,208 |
| Other costs | <u>-</u> | <u>95</u> | <u>95</u> |
| Total Operating Expenses | <u>1,081,719</u> | <u>240,677</u> | <u>1,322,396</u> |
| Operating income | <u>66,835</u> | <u>132,842</u> | <u>199,677</u> |
| Nonoperating Revenues (Expenses) | | | |
| Interest income | 18,005 | 3,964 | 21,969 |
| Interest expense | <u>-</u> | <u>(97,879)</u> | <u>(97,879)</u> |
| Total Nonoperating Revenues | <u>18,005</u> | <u>(93,915)</u> | <u>(75,910)</u> |
| Income (loss) before transfers | 84,840 | 38,927 | 123,767 |
| Transfers out | <u>(5,934)</u> | <u>-</u> | <u>(5,934)</u> |
| Net transfers | <u>(5,934)</u> | <u>-</u> | <u>(5,934)</u> |
| Change in Net Position | 78,906 | 38,927 | 117,833 |
| Net Position - Beginning | <u>3,688,532</u> | <u>875,574</u> | <u>4,564,106</u> |
| Net Position - Ending | <u>\$ 3,767,438</u> | <u>\$ 914,501</u> | <u>\$ 4,681,939</u> |

The accompanying notes are an integral part of this statement.

LAFAYETTE COUNCIL ON AGING, INC.

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2018

| | <u>Woodvale Place</u> <u>Apartments</u> | <u>Belle Rose</u> <u>Gardens</u> | <u>Total</u> |
|---|--|-------------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from tenants | \$ 1,165,075 | \$ 374,169 | \$ 1,539,244 |
| Selling and administrative expenses paid | (741,068) | (137,813) | (878,881) |
| Cash paid to suppliers | (82,727) | (7,576) | (90,303) |
| Taxes and insurance paid | (80,373) | - | (80,373) |
| Net cash provided by operating activities | <u>260,907</u> | <u>228,780</u> | <u>489,687</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING: | | | |
| Transfers out | <u>(5,934)</u> | <u>-</u> | <u>(5,934)</u> |
| Net cash used by noncapital financing activities | <u>(5,934)</u> | <u>-</u> | <u>(5,934)</u> |
| CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES: | | | |
| Interest paid on capital debt | - | (97,879) | (97,879) |
| Repayment of notes payable | <u>-</u> | <u>(94,128)</u> | <u>(94,128)</u> |
| Net cash used by capital and capital related financing activities | <u>-</u> | <u>(192,007)</u> | <u>(192,007)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | <u>18,005</u> | <u>3,964</u> | <u>21,969</u> |
| Net cash provided by investing activities | <u>18,005</u> | <u>3,964</u> | <u>21,969</u> |
| Net increase in cash and cash equivalents | 272,978 | 40,737 | 313,715 |
| Cash and cash equivalents, beginning of year | <u>1,027,096</u> | <u>250,791</u> | <u>1,277,887</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,300,074</u> | <u>\$ 291,528</u> | <u>\$ 1,591,602</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 66,835 | \$ 132,842 | \$ 199,677 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Change in current assets and liabilities: | | | |
| Depreciation | 201,162 | 98,398 | 299,560 |
| Decrease in prepaid expenses | (21,275) | (3,110) | (24,385) |
| Decrease in accounts payable | (2,336) | - | (2,336) |
| Increase in tenants' deposits | <u>4,521</u> | <u>650</u> | <u>5,171</u> |
| Net cash provided by operating activities | <u>\$ 260,907</u> | <u>\$ 228,780</u> | <u>\$ 489,687</u> |

The accompanying notes are an integral part of this statement.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Specific services provided by the Council to the elderly residents of Lafayette Parish include providing congregate and home delivered meals, nutritional education, information and assistance, outreach, material aid, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

B. Reporting Entity

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

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

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Lafayette Council On Aging, Inc. is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations on November 9, 1965.

A board of directors, consisting of 12 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the parish's elderly population, general public, private businesses, and elected public officials.

Membership in the Council is open at all times, without restriction, to all residents of Lafayette Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government, nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a special-purpose, stand-alone government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

C. Presentation of 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 purpose are to 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 or "business" activities. The Council does not have any 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.

D. Basic Financial Statements - Government-Wide Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities 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. Intergovernmental revenues primarily support governmental activities.

In the Government-Wide Statement of Net Position, the governmental type activities column and business-type activities column (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Council's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net position consists of the net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net position includes all other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

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

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. The Statements of Activities shows this allocation in a separate column labeled "indirect expenses."

In the Statements of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted grants, interest income and miscellaneous revenues that are not included among program revenues are reported instead as general revenues in the statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues. The Council did not have any material special items this year.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basic Financial Statements - Fund Financial Statements

The fund financial statements present financial information 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 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. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

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

The following 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 is a description of the programs or funding sources that comprise the Council's General Fund:

Local Programs and Funding are 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. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues. In addition, capital outlay expenditures are usually made with local funds to minimize restrictions on the use and disposition of fixed assets.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PCOA (Act 735) funds are appropriated annually for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council's management may use these "Act 735" funds at its discretion to fund any of its programs provided the program is benefiting elderly people (those who are at least 60 years old). In fiscal year 2018, the Council received this grant money into its General Fund and management transferred \$82,825 of the PCOA funds to the Title III Funds to help pay for program expenditures of those funds.

The Senior Center Fund is used to account for the administration of Senior Center program funds 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 a community service center at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council operates four senior centers in Lafayette Parish, Louisiana. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly.

The Supplemental Senior Center Fund was established to account for funds that were appropriated by the Louisiana Legislature for the various councils on aging throughout Louisiana to supplement each council's primary grant for senior center operations and activities. The Lafayette Council On Aging, Inc. was one of the parish councils to receive two supplemental grants of \$3,100 and \$7,813. The money received by this fund during the year was transferred to the Title III B and Title C-1 funds to supplement the supportive services provided by this fund. GOEA provided these funds to the Council.

The Newspaper Fund is used to account for the revenues and expenditures associated with the newsletter published by the Lafayette Council on Aging, Inc.

The Office Rental Fund is used to account for the revenues and expenditures associated with the rental of extra office space owned by the Lafayette Council on Aging, Inc. to third parties.

The Other Services – Local Fund is used to account for indirect costs and the revenues from the various programs used to pay these indirect costs.

The United Givers Fund is used to report assistance received from the community's regular United Appeals activity. The funds are received upon application to the United Givers Agency and are subject to reporting to, and monitoring by, that Agency.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term “*proceeds of specific revenue sources*” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

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

Major Special Revenue Funds

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

| | <u>Units</u> |
|---|--------------|
| Information and assistance | 1,719 |
| Outreach | 266 |
| Homemaker | 6,392 |
| Transportation for people age 60 or older | 4,050 |

The two main sources of revenue received this year that form the basis of this fund is a grant the Council received from GOEA for Special Programs for the Aging _ Title III, Part B _ Supportive Services (\$111,648) and restricted, voluntary contributions from the public (\$13,458), including those people who actually received transportation and homemaker services.

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. Using Title III C-2 funds the Council served 111,679 meals during the year to people eligible to participate in this program.

The main source of revenue received this year that formed the basis of this fund was restricted, voluntary contributions from the public (\$57,709), including those persons actually receiving home-delivered meal services.

The Elderly Housing Management Fund represents management fees and expenditures relating to the management of various housing facilities, including Woodvale Place Apartments and Belle Rose Gardens.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The **Foster Grandparents Fund** is used to account for federal funds, which are provided directly by the Corporation for National and Community Service and state funds which are provided directly the Louisiana Governor's Office of Elderly Affairs to pay for the expenses incurred by low-income, senior citizens, age 60 and over, who have volunteered their time to assist in providing companionship and guidance for physically and mentally handicapped children and children who have been abused and neglected in the juvenile justice system, or have other special needs.

Non-Major Special Revenue Funds

Title III C-1 Fund receives funding from United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This fund is used to account for funds which are used to provide nutritional, congregate meals to the elderly in strategically located centers. During the fiscal year ended June 30, 2018, the Council served about 14,914 congregate meals and also provided 349 units of nutritional education to eligible participants.

There was one main source of revenue received this year that form the basis of this fund: Grants from GOEA for Special Programs for the Aging _ Title III, Part C-1 _ Nutrition Services (\$60,135).

The **Title III E Fund** is used to account for funds used to provide services, such as; (1) information to caregivers about available services, (2) assistance to caregivers in gaining access to the services, (3) individual counseling, (4) organizational support groups, (5) caregiver training to caregivers in making decisions and solving problems relating to their caregiving roles, (6) respite care to enable caregivers to be temporarily relieved from their caregiving responsibilities, and (7) supplemental services, on a limited basis, to complement the care provided by caregivers. Then number of units provided under the Title III E is as follows:

| | <u>Units</u> |
|----------------------------|--------------|
| Information and assistance | 378 |
| Outreach | 963 |
| In Home Respite | 3,735 |

The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA for the Title III, Part E _ National Family Caregivers Support Program (\$52,521).

The **Senior Olympics Fund** is used to account for the revenues and expenditures associated with the Senior Olympics fundraising event.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the Council reports the following fund types:

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. Proprietary funds include the following fund type:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Council applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The Council's enterprise funds are Woodvale Place Apartments and Belle Rose Gardens.

F. **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.

Accrual Basis – Government-Wide Financial Statements (GWFS):

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 time of related cash flows.

Modified Accrual Basis – Fund Financial Statements (FFS):

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 60 days of the current fiscal year end.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Measurement Focus and Basis of Accounting (Continued)

Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

G. Interfund Activity

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

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

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

I. Receivables

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectability of any receivable, management would write off the receivable as bad debt at that time.

J. Prepaid Expenses/Expenditures

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 goods and 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.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Prepaid Expenses/Expenditures (Continued)

These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been classified as nonspendable to reflect the amount of fund balance not currently available for expenditure.

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

K. Capital Assets

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

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.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

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

| | |
|---------------------------|-----------|
| Building and improvements | 40 years |
| Furniture and equipment | 5-7 years |
| Vehicles | 5 years |
| Computers | 3 years |

When calculating depreciation, the State's guidelines assumes that capital assets will not have any salvage value.

Fund Financial Statements

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

L. 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 statement. 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.

M. Unpaid Compensated Absences

The Council's policies for vacation time permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the Government-Wide Statements. Management has estimated the current and long-term portions of this liability based on historical trends. The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year.

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, no amounts have been accrued as fund liabilities as of year-end in the Fund Financial Statements. The differences in the methods of accruing compensated absences create a reconciling item between the fund and government-wide financial statement presentations.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Unpaid Compensated Absences (Continued)

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.

N. Deferred Revenues

The Council reports deferred revenues on both the Statement of Net Position (government-wide) and the Balance Sheet (fund financial statements). Deferred revenues arise when the Council receives resources before it has a legal claim to them, subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Position and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized. Deferred revenue at June 30, 2018 amounted to \$4,544.

O. Net Positions in the Government-wide Financial Statements

In the government-wide Statement of Net Position, the Net Position amounts is classified and displayed in three components:

- Invested in capital assets – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not have any borrowings that were related to capital assets.
- Restricted net position – This component consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component consists of all other net positions that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first to finance its activities.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.
- **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 purposes 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 amounts that are constrained by the Council's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose.
- **Unassigned:** This classification is the residual fund balance of 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 will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Council's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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.

R. Allocation of Indirect Expenses

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

S. 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.

T. Subsequent Events

Management has evaluated subsequent events through November 20, 2018, the date the financial statements were available to be issued.

NOTE 2 REVENUE RECOGNITION

Revenues are recorded in the government-wide financial 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 must be both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

The Older American Act of 1965 Title III programs operate under a performance based contract. Title III program revenue is earned by the Council based on units of service provided within the guidelines of the related programs.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH MANAGEMENT AND DEPOSITS

The Council maintains a consolidated bank account which is available for use by all funds to deposit revenues and pay expenses. The purpose of this 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 to manage its EFSP funds.

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

Cash is reported at its carrying value, which equals its fair value. At year-end, the combined carrying amount of the Council's cash balances on its books was \$1,764,535, whereas the related bank balances totaled \$1,888,868. The primary difference in these amounts relates to deposits made to and checks written on demand deposits accounts that have not yet cleared the bank accounts. At year-end, all of the bank balances were insured 100% by federal depository insurance or pledged securities.

| <u>Cash</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Credit Risk Category</u> |
|----------------------|--------------------|--------------------|----------------------|-----------------|-----------------------------|
| JP Morgan Chase Bank | \$ 172,933 | \$ 172,933 | None | Demand | Category 1 |
| Iberia Bank | <u>1,591,602</u> | <u>1,591,602</u> | 0.25% | Demand | Category 1 |
| Total Cash | <u>\$1,764,535</u> | <u>\$1,764,535</u> | | | |
| Unrestricted Purpose | <u>\$1,493,310</u> | | | | |
| Restricted Purposes | <u>\$ 271,225</u> | | | | |

As illustrated in the above table, some of the Council's cash and investments are restricted assets for presentation in the Statement of Net Position. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose. Cash restricted for debt service is used to account for the accumulation of resources for the payment of long-term debt principle, interest and related costs. The fully funded balance represents amounts due within one year.

NOTE 4 PREPAID EXPENDITURES AND EXPENSES

At year-end, prepaid expenditures in the Government Wide Statement of Net Position consists of \$102,213 of prepaid expenses. All of the prepaid expenditures are considered current, which management expects the Council to consume and economically benefit from in the next fiscal year.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 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>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-----------------------------|---------------------------------|-------------------------------|
| General Fund: | | |
| Local | \$ 241,033 | \$ 214,605 |
| Newspaper | 8,725 | - |
| Other elderly services | - | 4,522 |
| Office Rental | 18,260 | - |
| Senior Center | - | 714 |
| Special Revenue Funds: | | |
| Title III B | - | 10,456 |
| Title III C-1 | - | 23,222 |
| Title III C-2 | - | 638 |
| Title III E | - | 6,349 |
| Elderly Housing Management | 1,070 | - |
| Foster Grandparents Program | - | 18,037 |
| Senior Olympics | 9,455 | - |
| Total | <u>\$ 278,543</u> | <u>\$ 278,543</u> |

NOTE 6 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consist of the following:

| | <u>General</u> | <u>Special Revenue</u> | <u>Proprietary</u> | <u>Total</u> |
|--------------------------|-----------------|----------------------------|--------------------|------------------|
| Elderly housing projects | \$ - | \$ 1,635 | \$ 5,502 | \$ 7,137 |
| Foster grand parent | - | 26,019 | - | 26,019 |
| Newspaper customers | 234 | - | - | 234 |
| Other | <u>5,412</u> | <u>-</u> | <u>-</u> | <u>5,412</u> |
| | <u>\$ 5,646</u> | <u>\$ 27,654</u> | <u>\$ 5,502</u> | <u>\$ 38,802</u> |

NOTE 7 GOVERNMENT GRANTS AND CONTRACTS RECEIVABLE

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year-end.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 GOVERNMENT GRANTS AND CONTRACTS RECEIVABLE (Continued)

Government grants and contracts receivable at year-end consist of reimbursements for expenses incurred under the following programs:

| <u>Program</u> | <u>Fund</u> | <u>Provider</u> | <u>Amount</u> |
|---------------------------|-------------|-----------------|------------------|
| <u>Governmental Funds</u> | | | |
| Social Services | III B | CAAA | \$ 10,456 |
| Congregate Meals | III C-1 | CAAA | 24,162 |
| Home Delivered Meals | III C-2 | CAAA | 638 |
| Caregivers | III E | CAAA | <u>6,349</u> |
| | | | <u>\$ 41,605</u> |

NOTE 8 CHANGES IN CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

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

| | <u>Balance July 1, 2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2018</u> |
|--------------------------|---------------------------------|---------------------|------------------|----------------------------------|
| Capital Assets | | | | |
| Land | \$ 769,094 | \$ - | \$ - | \$ 769,094 |
| Furniture & equipment | 316,143 | - | - | 316,143 |
| Building | 7,017,752 | - | - | 7,017,752 |
| Building improvements | 1,896,924 | - | - | 1,896,924 |
| Vehicles | <u>177,785</u> | <u>39,561</u> | - | <u>217,346</u> |
| Subtotal | <u>10,177,698</u> | <u>39,561</u> | - | <u>10,217,259</u> |
| Accumulated depreciation | | | | |
| Furniture & equipment | 291,280 | 8,998 | - | 300,278 |
| Building | 3,408,471 | 223,444 | - | 3,631,915 |
| Building improvements | 713,406 | 74,608 | - | 788,014 |
| Vehicles | <u>148,071</u> | <u>10,542</u> | - | <u>158,613</u> |
| Subtotal | <u>4,561,228</u> | <u>317,592</u> | - | <u>4,878,820</u> |
| Net capital assets | <u>\$ 5,616,470</u> | <u>\$ (278,031)</u> | <u>\$ -</u> | <u>\$ 5,338,439</u> |

All the Council's vehicles are operational at year end. The Council's management has reviewed capital assets and does not believe any capital assets have been impaired as of year-end.

Depreciation was charged to governmental activities totaling \$18,032 as administration expense and to proprietary funds totaling \$299,560 for the year ended June 30, 2018.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 CHANGES IN LONG-TERM DEBT

The Council had long-term debt during the year related to compensated absences. The following is a schedule of the changes in long-term debt for the accrued compensated absences:

| | Balance July 1, 2017 | Increases | Decreases | Balance June 30, 2018 | Due Within One Year |
|----------------------|-------------------------|------------------|---------------------|--------------------------|------------------------|
| Accrued annual leave | \$ 23,742 | \$ 12,420 | \$ - | \$ 36,162 | \$ 36,162 |
| Capital lease | 5,366 | - | (1,533) | 3,833 | 1,832 |
| Notes payable | <u>2,270,485</u> | <u>17,571</u> | <u>(111,699)</u> | <u>2,176,357</u> | <u>113,968</u> |
| Total long-term debt | <u>\$ 2,299,593</u> | <u>\$ 29,991</u> | <u>\$ (113,232)</u> | <u>\$ 2,216,352</u> | <u>\$ 151,962</u> |

The additions and reductions to compensated absences during the year represent the net change during the year because the additions and reductions could not be readily determined.

Notes payable at June 30, 2018, are comprised of the following:

Proprietary funds

Note payable to USDA in the original amount of \$1,458,670, dated August 24, 2006, payable in 360 monthly installments of \$7,308, including interest at 4.25% per annum, collateralized by a building

\$ 1,054,423

Note payable to Insurance Premium Financing Solutions in the original amount of \$17,751, dated June 1, 2018, payable in eleven monthly installments of \$1,668, bearing interest at 8.744%.

17,571

Note payable to Iberia Bank in the original amount of \$1,598,220, dated August 24, 2006, due November 28, 2032, bearing interest at 4.75%, secured by real estate

1,104,363

\$ 2,176,357

The annual requirements to amortize all debt outstanding at June 30, 2018, including interest payments of \$854,129 are as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|---------------------|-------------------|
| 2019 | \$ 113,968 | \$ 95,288 |
| 2020 | 100,849 | 90,836 |
| 2021 | 105,508 | 86,178 |
| 2022 | 110,382 | 81,304 |
| 2023 | 115,481 | 76,204 |
| 2024 - 2028 | 662,574 | 295,852 |
| 2029 - 2033 | 811,366 | 127,823 |
| 2034 - 2036 | 156,229 | 644 |
| | <u>\$ 2,176,357</u> | <u>\$ 854,129</u> |

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 CAPITAL LEASE

The Council has acquired a copier under the provisions of a long-term lease. For financing reporting purposes, minimum lease payments relating to the copier have been capitalized and included in equipment on the balance sheet. The leased copier under the capital lease has a cost of \$7,800. Amortization of the leased equipment is included in depreciation expense.

The following is a schedule of future minimum lease payments under the capital lease:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|---------------------------------------|------------------------|
| 2019 | \$ 2,376 |
| 2020 | <u>2,178</u> |
| | 4,554 |
| Less: Amount Attributable to Interest | <u>(721)</u> |
| Total | <u><u>\$ 3,833</u></u> |

NOTE 11 FUND BALANCES – FUND FINANCIAL STATEMENTS

The Council has \$16,694 of nonspendable funds that are to be used for prepaid expenses.

The Council has other assets which are restricted in their application by virtue of the donor's intention or commitments already entered into by the Council. These amounts are also reported as restricted fund balance. These include escrow-type deposits required by the U.S. Department of Housing and Urban Development (HUD) in connection with elderly housing projects undertaken and sponsored by the Council. Other restricted assets arise because of gifts solicited and collected for a specific purpose by the Council. Other assets are restricted by the terms and nature of the grant. Finally, some assets represent "deposits" pledged to confirm the Council's intentions with respect to certain projects. Related accumulated income is included in some of the restricted balances.

| | |
|-------------------------------|-------------------------|
| Title III B | \$ 3,054 |
| Title III E | 230 |
| Meals donation | 19,908 |
| Ineligible meals | 3,431 |
| United way | 2,249 |
| Office maintenance | <u>5,158</u> |
| Total Restricted Fund Balance | <u><u>\$ 34,030</u></u> |

In addition to the restricted balances, the Council also had assigned fund balances as of June 30, 2018. Proceeds from sale of property related to the Broussard House fund were assigned by the Board of Directors to be used for the payment of a worker's compensation claim (see Note 15). Details of the assigned fund balance are below:

| | |
|-----------------------------|-------------------------|
| Workers' compensation claim | <u>\$ 68,531</u> |
| Total Assigned Fund Balance | <u><u>\$ 68,531</u></u> |

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 12 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 travel policy when traveling on behalf of the Council.

NOTE 13 IN-KIND CONTRIBUTIONS

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

NOTE 14 INCOME TAX STATUS

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax. However, should the Council engage in activities unrelated to its exempt purpose, taxable income could result. The Council had no material unrelated business income for the fiscal year under audit.

Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a "more than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Council has evaluated its tax position and determined that it does not have any uncertain tax positions that meet the requirements of ASC 740. Accordingly, implementation of ASC 740 did not have any impact on the accompanying financial statements.

NOTE 14 INCOME TAX STATUS (Continued)

The Council's management believes it is no longer subject to income tax examination for the fiscal years prior to June 30, 2015.

NOTE 15 JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

During the year, the Council incurred costs in the amount of \$6,941 related to a workers compensation settlement. The Council's workers compensation provider went out of business during fiscal year 2016 and as a result, the Council is liable for paying any outstanding claims. The Council is to pay the employee an annuity in the amount of \$6,193 each year plus the costs of medications until the employee's death.

The Council is involved in a lawsuit that was filed against the Council. Any losses are expected to be covered by insurance without any material impact upon the Council's financial statements.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 16 CONTINGENCIES – GRANT PROGRAMS

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

NOTE 17 ECONOMIC DEPENDENCY

The Council receives the majority of its revenue through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA). The grant amounts are appropriated each year by the federal, state and local governments. If significant budget cuts are made at the federal, state and/or local 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 in the next fiscal year.

NOTE 18 RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. One settlement was made during the year ended June 30, 2016 and is further discussed in Note 15. Prior to this occurrence, there were no claims in the prior three fiscal years that exceeded the Council's insurance coverage.

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

NOTE 19 INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use 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.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 19 INTERFUND TRANSFERS (Continued)

Operating transfers to and from the various funds are as follows for the fiscal year:

| | General Fund | Title III B | Funds Transferring In: | | | Foster Grandparents | Totals |
|--|-------------------|------------------|------------------------|-------------------|-----------------|------------------------|-------------------|
| | | | Title III C-1 | Title III C-2 | Title III E | | |
| <u>Funds transferring out:</u> | | | | | | | |
| Governmental Funds: | | | | | | | |
| General fund | \$ - | \$ - | \$ - | \$ 88,466 | \$ - | \$ 1,676 | \$ 90,142 |
| PCOA | - | - | - | 82,825 | - | - | 82,825 |
| Elderly Services | 4,754 | - | - | - | - | - | 4,754 |
| Senior Center | - | 1,200 | 16,565 | - | - | - | 17,765 |
| Total General Fund | <u>4,754</u> | <u>1,200</u> | <u>16,565</u> | <u>171,291</u> | <u>-</u> | <u>1,676</u> | <u>195,486</u> |
| Major Funds: | | | | | | | |
| Title III B Elderly Housing Management | 2,009 | - | - | - | - | - | 2,009 |
| | 123,321 | 61,136 | - | - | 8,319 | 5,419 | 198,195 |
| Non- Major Funds: | | | | | | | |
| Title III E | 230 | - | - | - | - | - | 230 |
| Personal Care | 1,469 | - | - | - | - | - | 1,469 |
| Total Special Revenue Funds | <u>127,029</u> | <u>61,136</u> | <u>-</u> | <u>-</u> | <u>8,319</u> | <u>5,419</u> | <u>201,903</u> |
| Proprietary Funds: | | | | | | | |
| Woodvale Housing | 5,934 | - | - | - | - | - | 5,934 |
| Total Proprietary Funds | <u>5,934</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,934</u> |
| Total all funds | <u>\$ 137,717</u> | <u>\$ 62,336</u> | <u>\$ 16,565</u> | <u>\$ 171,291</u> | <u>\$ 8,319</u> | <u>\$ 7,095</u> | <u>\$ 403,323</u> |

NOTE 20 RELATED PARTY TRANSACTIONS

The Council has related party receivables relating to a housing development project. The Council's board members are the same for this entity. The balances due as of June 30, 2018 are as follows:

| | |
|-----------------------|-----------------|
| <u>Entity</u> | |
| Scott Elderly Housing | \$ 5,502 |
| Total | <u>\$ 5,502</u> |

The balance is included in Accounts Receivable of the Woodvale Place Apartments.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 21 COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO DIRECTOR

A detail of compensation, benefits, and other payments made to Executive Directors, Monica Scott, Koridea Phillips and Kelly Richard for the year ended June 30, 2018 is shown below:

| Purpose | Monica Scott | Koridea Phillips | Kelly Richard |
|-------------------------------------|-----------------|---------------------|------------------|
| Salary | \$ 16,795 | \$ 10,622 | \$ 23,227 |
| Benefits - insurance and retirement | 892 | 0 | 733 |
| Travel | 307 | 2,224 | 2,974 |
| Total | \$ 17,994 | \$ 12,846 | \$ 26,934 |

NOTE 22 EMPLOYEE BENEFITS

Full time employees of Lafayette Council on Aging Inc., Woodvale Place Apartments and Belle Rose Gardens have the option to receive benefits in the form of a Roth IRA, health insurance and life insurance. The Council provides eligible employees with 8% of their salary to be used in any combination for their chosen benefits. In addition, eligible employees of Woodvale Place Apartments and Belle Rose Gardens are provided with a group life insurance policy by the Council. The Council pays up to 3% for this group policy. No match or contributions are required by employees. For the year ended June 30, 2018, the Council incurred expenses for employee benefits in the amount of \$45,920.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

LAFAYETTE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2018

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|-------------------|-------------------|-----------------------------------|--|
| | Original | Final | | |
| Budgetary fund balance, July 1 | \$ 241,763 | \$ 241,763 | \$ 241,763 | \$ - |
| Resources (inflows): | | | | |
| Intergovernmental | 234,916 | 245,561 | 339,062 | 93,501 |
| Local and miscellaneous | 151,823 | 249,997 | 145,230 | (104,767) |
| Transfers in | <u>171,867</u> | <u>64,004</u> | <u>137,717</u> | <u>73,713</u> |
| Amounts available for appropriation | <u>800,369</u> | <u>801,325</u> | <u>863,772</u> | <u>62,447</u> |
| Charges to appropriations (outflows): | | | | |
| Personnel | 215,670 | 201,661 | 210,371 | (8,710) |
| Fringe | 32,928 | 38,609 | 27,564 | 11,045 |
| Travel | 8,017 | 7,367 | 4,820 | 2,547 |
| Operating services | 90,872 | 96,029 | 108,907 | (12,878) |
| Operating supplies | 15,940 | 11,144 | 8,449 | 2,695 |
| Other costs | 51,018 | 63,718 | 48,291 | 15,427 |
| Debt service | - | - | 2,376 | (2,376) |
| Capital outlay | - | - | 39,561 | (39,561) |
| Transfers out | <u>173,143</u> | <u>222,664</u> | <u>195,486</u> | <u>27,178</u> |
| Total charges to appropriations | <u>587,588</u> | <u>641,192</u> | <u>645,825</u> | <u>(4,633)</u> |
| Budgetary fund balance, June 30 | <u>\$ 212,781</u> | <u>\$ 160,133</u> | <u>\$ 217,947</u> | <u>\$ 57,814</u> |

See notes to required supplementary information.

LAFAYETTE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule
 Title III B
 Year Ended June 30, 2018

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|------------------|----------------|-----------------------------------|--|
| | Original | Final | | |
| Budgetary fund balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (inflows): | | | | |
| Intergovernmental | 115,596 | 115,596 | 111,648 | (3,948) |
| Program income | 20,000 | 15,000 | 13,458 | (1,542) |
| Transfers in | <u>49,916</u> | <u>62,870</u> | <u>62,336</u> | <u>(534)</u> |
| Amounts available for appropriation | <u>185,512</u> | <u>193,466</u> | <u>187,442</u> | <u>(6,024)</u> |
| Charges to appropriations (outflows): | | | | |
| Personnel | 127,649 | 129,505 | 118,122 | 11,383 |
| Fringe | 19,986 | 25,562 | 17,045 | 8,517 |
| Travel | 8,700 | 12,476 | 15,017 | (2,541) |
| Operating services | 23,171 | 20,066 | 28,036 | (7,970) |
| Operating supplies | 6,006 | 5,857 | 7,213 | (1,356) |
| Transfers out | <u>-</u> | <u>-</u> | <u>2,009</u> | <u>(2,009)</u> |
| Total charges to appropriations | <u>185,512</u> | <u>193,466</u> | <u>187,442</u> | <u>6,024</u> |
| Budgetary fund balance, June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See notes to required supplementary information.

LAFAYETTE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule
 Title III C-2
 Year Ended June 30, 2018

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|------------------|----------------|-----------------------------------|--|
| | Original | Final | | |
| Budgetary fund balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (inflows): | | | | |
| Intergovernmental | - | 16,255 | 16,193 | (62) |
| Program income | 60,000 | 58,000 | 57,709 | (291) |
| Transfers in | <u>194,481</u> | <u>202,799</u> | <u>171,291</u> | <u>(31,508)</u> |
| Amounts available for appropriation | <u>254,481</u> | <u>277,054</u> | <u>245,193</u> | <u>(31,861)</u> |
| Charges to appropriations (outflows): | | | | |
| Personnel | 161,917 | 160,412 | 150,093 | 10,319 |
| Fringe | 25,323 | 31,663 | 14,733 | 16,930 |
| Travel | 38,157 | 55,230 | 58,300 | (3,070) |
| Operating services | 25,069 | 26,096 | 19,004 | 7,092 |
| Operating supplies | <u>4,015</u> | <u>3,653</u> | <u>3,063</u> | <u>590</u> |
| Total charges to appropriations | <u>254,481</u> | <u>277,054</u> | <u>245,193</u> | <u>31,861</u> |
| Budgetary fund balance, June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See notes to required supplementary information.

LAFAYETTE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule
 Foster Grandparents
 Year Ended June 30, 2018

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|------------------|----------------|-----------------------------------|--|
| | Original | Final | | |
| Budgetary fund balance, July 1 | \$ - | \$ - | \$ - | \$ - |
| Resources (inflows): | | | | |
| Intergovernmental | 317,514 | 317,514 | 317,514 | - |
| Local and miscellaneous | 8,925 | 8,925 | - | (8,925) |
| Transfers in | <u>8,000</u> | <u>8,000</u> | <u>7,095</u> | <u>(905)</u> |
| Amounts available for appropriation | <u>334,439</u> | <u>334,439</u> | <u>324,609</u> | <u>(9,830)</u> |
| Charges to appropriations (outflows): | | | | |
| Personnel | 55,837 | 55,837 | 55,486 | 351 |
| Fringe | 10,322 | 10,322 | 10,872 | (550) |
| Travel | 2,525 | 2,525 | 16,580 | (14,055) |
| Operating services | 17,180 | 17,180 | 8,097 | 9,083 |
| Operating supplies | 1,500 | 1,500 | 757 | 743 |
| Other costs | <u>247,075</u> | <u>247,075</u> | <u>232,817</u> | <u>14,258</u> |
| Total charges to appropriations | <u>334,439</u> | <u>334,439</u> | <u>324,609</u> | <u>9,830</u> |
| Budgetary fund balance, June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See notes to required supplementary information.

LAFAYETTE COUNCIL ON AGING, INC.

Budgetary Comparison Schedule
 Elderly Housing Management
 Year Ended June 30, 2018

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|------------------|------------------|-----------------------------------|--|
| | Original | Final | | |
| Budgetary fund balance, July 1 | \$ 36,395 | \$ 36,395 | \$ 36,395 | \$ - |
| Resources (inflows): | | | | |
| Intergovernmental | <u>309,358</u> | <u>349,432</u> | <u>339,574</u> | <u>(9,858)</u> |
| Amounts available for appropriation | <u>345,753</u> | <u>385,827</u> | <u>375,969</u> | <u>(9,858)</u> |
| Charges to appropriations (outflows): | | | | |
| Personnel | 62,536 | 158,863 | 145,167 | 13,696 |
| Fringe | 13,188 | 33,872 | 23,477 | 10,395 |
| Travel | 300 | 723 | 445 | 278 |
| Operating services | 3,051 | 4,136 | 8,677 | (4,541) |
| Operating supplies | 500 | 500 | - | 500 |
| Transfers out | <u>229,783</u> | <u>151,338</u> | <u>198,195</u> | <u>(46,857)</u> |
| Total charges to appropriations | <u>309,358</u> | <u>349,432</u> | <u>375,961</u> | <u>(26,529)</u> |
| Budgetary fund balance, June 30 | <u>\$ 36,395</u> | <u>\$ 36,395</u> | <u>\$ 8</u> | <u>\$ (36,387)</u> |

See notes to required supplementary information.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 BUDGETARY REPORTING

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final appropriated budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

The 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 the revenue information provided by GOEA, grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- 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 Director 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 current fiscal year.
- The adopted budget is forwarded to the Governor's Office of Elderly Affairs (GOEA) for compliance approval.
- Unused budgeted amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, the Council will automatically budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicles delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.

LAFAYETTE COUNCIL ON AGING, INC.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 BUDGETARY REPORTING (Continued)

- Budgeted amounts included in the accompanying financial statements 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 April 25, 2016, 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.
- Expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Non-Major Funds
Year Ended June 30, 2018

| | Title III C-1 | Title III E | Personal Care | Senior Olympics | Total |
|--|------------------|----------------|------------------|--------------------|-----------------|
| REVENUES | | | | | |
| Intergovernmental: | | | | | |
| Cajun Area Agency on Aging, Inc. | \$ 60,135 | \$ 52,521 | \$ - | \$ - | \$ 112,656 |
| Local and miscellaneous: | | | | | |
| Miscellaneous | <u>4,800</u> | <u>-</u> | <u>-</u> | <u>10,324</u> | <u>15,124</u> |
| Total Revenues | <u>64,935</u> | <u>52,521</u> | <u>-</u> | <u>10,324</u> | <u>127,780</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Personnel | 49,446 | 50,142 | - | 3,958 | 103,546 |
| Fringe | 5,827 | 5,106 | - | 363 | 11,296 |
| Travel | 1,963 | 433 | - | 102 | 2,498 |
| Operating services | 9,099 | 4,589 | - | 2,214 | 15,902 |
| Operating supplies | 2,050 | 340 | - | 2,188 | 4,578 |
| Other costs | <u>13,115</u> | <u>-</u> | <u>-</u> | <u>1,734</u> | <u>14,849</u> |
| Total Expenditures | <u>81,500</u> | <u>60,610</u> | <u>-</u> | <u>10,559</u> | <u>152,669</u> |
| Deficiency of revenues over expenditures | <u>(16,565)</u> | <u>(8,089)</u> | <u>-</u> | <u>(235)</u> | <u>(24,889)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 16,565 | 8,319 | - | - | 24,884 |
| Transfers out | <u>-</u> | <u>(230)</u> | <u>(1,469)</u> | <u>-</u> | <u>(1,699)</u> |
| Total other financing sources and uses | <u>16,565</u> | <u>8,089</u> | <u>(1,469)</u> | <u>-</u> | <u>23,185</u> |
| Net decrease in fund balances | - | - | (1,469) | (235) | (1,704) |
| FUND BALANCES | | | | | |
| Beginning of the year | <u>-</u> | <u>-</u> | <u>1,469</u> | <u>9,690</u> | <u>11,159</u> |
| End of the year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,455</u> | <u>\$ 9,455</u> |

LAFAYETTE COUNCIL ON AGING, INC.

Comparative Schedule of General Fixed Assets
And Changes In General Fixed Assets
Year Ended June 30, 2018

| | Balance June 30, 2017 | Additions | Deletions | Balance June 30, 2018 |
|--|-----------------------------|----------------------|-----------------|-----------------------------|
| General fixed assets: | | | | |
| Buildings | \$ 104,737 | \$ - | \$ - | \$ 104,737 |
| Leasehold improvements | 35,047 | - | - | 35,047 |
| Furniture and equipment | 95,336 | - | - | 95,336 |
| Vehicles | <u>170,812</u> | <u>39,561</u> | <u>-</u> | <u>210,373</u> |
| Total general fixed assets | <u>\$ 405,932</u> | <u>\$ 39,561</u> | <u>\$ -</u> | <u>\$ 445,493</u> |
| Investment in general fixed assets: | | | | |
| Local | 286,757 | 39,561 | - | 326,318 |
| Title III-B | 1,403 | - | - | 1,403 |
| Title III-C-1 | 1,192 | - | - | 1,192 |
| Title III-C-2 | 521 | - | - | 521 |
| Title III D | 66,707 | - | - | 66,707 |
| Senior Center | 47,934 | - | - | 47,934 |
| Title V | <u>1,418</u> | <u>-</u> | <u>-</u> | <u>1,418</u> |
| Total investment in general fixed assets | <u>\$ 405,932</u> | <u>\$ 39,561</u> | <u>\$ -</u> | <u>\$ 445,493</u> |

SUPPLEMENTAL INFORMATION REQUIRED BY USDA

LAFAYETTE COUNCIL ON AGING, INC.

Comparative Balance Sheets
 Governmental Funds
 Year Ended June 30, 2018

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|
| Assets | | |
| Cash | \$ 172,933 | \$ 238,801 |
| Accounts receivable | 33,300 | 40,753 |
| Grants and contracts receivable | 41,605 | 23,828 |
| Due from other funds | 278,543 | 269,632 |
| Prepaid expenditures | <u>16,694</u> | <u>1,402</u> |
| Total Assets | <u>543,075</u> | <u>574,416</u> |
| Liabilities | | |
| Accounts payable | 22,126 | 2,437 |
| Accrued payroll and related benefits | 10,452 | 11,279 |
| Deferred revenue | 4,544 | 1,751 |
| Due to other funds | <u>278,543</u> | <u>269,632</u> |
| Total Liabilities | <u>315,665</u> | <u>285,099</u> |
| Fund Balances | | |
| Nonspendable | | |
| Prepaid expenditures | 16,694 | 1,402 |
| Restricted for: | | |
| Future expenditures | 34,030 | 52,437 |
| Assigned for: | | |
| Broussard House | 68,531 | 75,472 |
| Unassigned | <u>108,155</u> | <u>160,006</u> |
| Total Fund Balances | <u>227,410</u> | <u>289,317</u> |
| Total Liabilities and Fund Balances | <u>\$ 543,075</u> | <u>\$ 574,416</u> |

LAFAYETTE COUNCIL ON AGING, INC.

Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2018

| REVENUES | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| Intergovernmental: | | |
| Governor's Office of Elderly Affairs | \$ 274,811 | \$ 276,279 |
| Cajun Area Agency on Aging, Inc. | 240,497 | 203,046 |
| Corporation for National and Community Service | 317,514 | 317,514 |
| Department of Health and Hospitals | - | 216,306 |
| Department of Transportation and Development | 64,251 | 33,041 |
| Program Service Fees: | | |
| Transportation | 7,523 | 7,986 |
| Homemaker | 5,935 | 6,556 |
| Home delivered meals | 57,709 | 60,769 |
| Local and miscellaneous: | | |
| Municipalities | 21,000 | 21,000 |
| Office rental | 11,617 | 18,787 |
| Newspaper | 16,710 | 15,075 |
| United givers | 2,249 | 1,679 |
| Foundation on Aging | 52,400 | 52,400 |
| Donations | 12,979 | 17,355 |
| Rental income | 339,574 | 239,709 |
| Fundraising | 15,923 | 18,262 |
| Miscellaneous | 27,476 | 51,319 |
| Total Revenues | <u>1,468,168</u> | <u>1,557,083</u> |
| EXPENDITURES | | |
| Health, Welfare, & Social Services | | |
| Current: | | |
| Personnel | 782,785 | 897,212 |
| Fringe | 104,987 | 125,039 |
| Travel | 97,660 | 100,292 |
| Operating Services | 188,623 | 141,504 |
| Operating Supplies | 24,060 | 35,372 |
| Other Costs | 295,957 | 310,438 |
| Debt Service | 2,376 | 2,376 |
| Capital Outlay | 39,561 | 6,136 |
| Total Expenditures | <u>1,536,009</u> | <u>1,618,369</u> |
| Excess (deficiency) of revenues over expenditures | <u>(67,841)</u> | <u>(61,286)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in | 403,323 | 526,381 |
| Transfers out | <u>(397,389)</u> | <u>(526,381)</u> |
| Total other financing sources and uses | <u>5,934</u> | <u>-</u> |
| Net increase (decrease) in fund balances | (61,907) | (61,286) |
| FUND BALANCES | | |
| Beginning of the year | <u>289,317</u> | <u>350,603</u> |
| End of the year | <u>\$ 227,410</u> | <u>\$ 289,317</u> |

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY
THE UNIFORM GUIDANCE**

LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

| <u>FEDERAL GRANTOR/PASS-THROUGH GRANTORS/PROGRAM OR CLUSTER TITLE</u> | <u>FEDERAL CFDA NUMBER</u> | <u>GRANT YEAR ENDED</u> |
|---|------------------------------------|---------------------------------|
| <u>U.S. Department of Health and Human Services - Administration on Aging</u> | | |
| Passed through the Governor's Office of Elderly Affairs: | | |
| Special Programs for the Aging : | | |
| Aging Cluster- | | |
| Title III, Part B - Supportive Services and Senior Centers | 93.044 | 06/30/2018 |
| Title III, Part C-1 - Nutrition Services (Congregate Meals) | 93.045 | 06/30/2018 |
| Title III, Part C-2 - Nutrition Services (Home-Delivered Meals) | 93.045 | 06/30/2018 |
| Total of Aging Cluster- | | |
| Title III, Part E - Caregiver Support | 93.052 | 06/30/2018 |
| Totals for U.S. Department of Health and Human Services - Administration on Aging | | |
| <u>Department of Transportation</u> | | |
| Passed through the Louisiana Department of Transportation & Development: | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities (Capital Assistance Program) | 20.513 | 06/30/2018 |
| Enhanced Mobility of Seniors and Individuals with Disabilities (Operating Assistance Program) | 20.513 | 06/30/2018 |
| Total for Department of Transportation | | |
| <u>Corporation for National and Community Service</u> | | |
| Foster Grandparents Program | 94.011 | 06/30/2018 |
| Totals for Corporation for National Service | | |
| <u>U.S. Department of Housing and Urban Development</u> | | |
| Section 8 - Housing Assistance Payments | | |
| Program - Special Allocations | 14.195 | 06/30/2018 |
| Totals for U.S. Department of Housing and Urban Development | | |
| Total federal grants | | |

Note A - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards include the federal grant activity of the Lafayette Council on Aging, Inc. and has been prepared using the modified accrual basis of accounting as contemplated under generally accepted accounting principles and which is the same basis of accounting used for presenting the fund financial statements. The information in this schedule is presented in accordance with the requirements of the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the presentation of, the financial statements of, the financial statements.

Note B - The Lafayette Council on Aging did not pass-through any of its federal awards to a sub-recipient during the fiscal year.

| <u>PROGRAM OR AWARD AMOUNT</u> | <u>FEDERAL REVENUE RECOGNIZED</u> | <u>FEDERAL EXPENDITURES</u> |
|--|---|---------------------------------|
| \$ 82,327 | \$ 82,327 | \$ 82,327 |
| 55,108 | 55,108 | 55,108 |
| <u>7,737</u> | <u>7,737</u> | <u>7,737</u> |
| 145,172 | 145,172 | 145,172 |
| <u>42,093</u> | <u>42,093</u> | <u>42,093</u> |
| <u>187,265</u> | <u>187,265</u> | <u>187,265</u> |
| 33,627 | 33,627 | 33,627 |
| <u>32,737</u> | <u>30,624</u> | <u>30,624</u> |
| <u>66,364</u> | <u>64,251</u> | <u>64,251</u> |
| 317,514 | 317,514 | 317,514 |
| <u>317,514</u> | <u>317,514</u> | <u>317,514</u> |
| 407,509 | 407,509 | 407,509 |
| <u>407,509</u> | <u>407,509</u> | <u>407,509</u> |
| <u>\$ 978,652</u> | <u>\$ 976,539</u> | <u>\$ 976,539</u> |



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

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* (Emeritus)

**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***

The Board of Directors
 Lafayette Council on Aging, Inc.
 Lafayette, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Lafayette Council on Aging, Inc., as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Lafayette Council on Aging, Inc.'s basic financial statements and have issued our report thereon dated November 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lafayette Council on Aging, Inc.'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 Lafayette Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lafayette Council on Aging, Inc.'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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (2018-007).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lafayette Council on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed five instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-007.

Lafayette Council on Aging, Inc.'s Response to Findings

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

Purpose of this Report

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

This report is intended solely for the information and use of the board of directors, management, others within the organization and is not intended to be and should not be used by anyone other than those specified parties. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
November 20, 2018



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

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Independent Auditor's Report on Compliance for each
 Major Program and on Internal Control over Compliance
 Required by the *Uniform Guidance*

The Board of Directors
 Lafayette Council on Aging, Inc.
 Lafayette, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
November 20, 2018

LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Lafayette Council On Aging, Inc.'s financial statements as of and for the year ended June 30, 2018.

Control and Significant Deficiencies and Material Weaknesses - Financial Reporting

There was one material weakness in internal control over financial reporting which is disclosed as item 2018-007 in Part II below.

Material Noncompliance - Financial Reporting

We noted seven instances of material noncompliance during the audit of the financial statements and they are shown as items 2018-001 through 2018-007 in Part II below.

FEDERAL AWARDS

Major Program Identification

The Lafayette Council On Aging, Inc., for the year ended June 30, 2018, had one major program: Foster Grandparents Program, which received funds from the Corporation for National and Community.

Low-Risk Auditee

The Lafayette Council On Aging, Inc. is considered a low-risk auditee for the year ended June 30, 2018.

Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$750,000 for the year ended June 30, 2018.

Auditor's Report - Major Program

An unmodified opinion has been issued on the Lafayette Council On Aging, Inc.'s compliance for its major programs as of and for the year ended June 30, 2018.

Control and Significant Deficiencies and Material Weaknesses - Major Program

There were no significant deficiencies noted during the audit of the major federal programs.

LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Part I Summary of Auditor's Results (Continued)

Compliance Finding Related to Major Program

The audit disclosed no instances of material noncompliance during the audit of major federal programs.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2018-001 Non-compliance with Notices to be Posted

Condition:

The Council did not comply with LRS 24:523.1.

Criteria:

In accordance with Louisiana Revised Statute 24:523.1, every auditee shall post and keep posted in conspicuous places upon its premises a notice, prepared by the legislative auditor and located on his website, setting forth information concerning the reporting of the misappropriation, fraud, waste, or abuse of public funds. In addition, every auditee shall also post such notices on the website of the auditee.

Cause:

The required fraud flyer was not posted on the Council's website. It was posted on the premises of the Council.

Effect:

Failure to notify employees and the public of the LLA's fraud hotline can deter or prevent the reporting of misappropriation, fraud, waste or abuse.

Recommendation:

The Council should obtain the required fraud flyers from the Louisiana Legislative Auditor's website and post the flyer on the Council's website.

2018-002 Non-compliance with the Louisiana Code of Governmental Ethics - Training

Condition:

The Council did not comply with LRS 42:1170A.

Criteria:

In accordance with Louisiana Revised Statute 42:1170A, public servants and elected officials are required to take one hour of training per calendar year on the *Code of Governmental Ethics*.

LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

Cause:

The required ethics training was only obtained by the Board of Directors. Employees of the Council did not receive ethics training.

Effect:

Possible violation of the Louisiana Code of Governmental Ethics.

Recommendation:

The Council should require all employees to obtain one hour of ethics training annually.

2018-003 Violation of the Open Meetings Law – Executive Session

Condition:

The Council did not comply with LRS 42:16 and 42:19A(1).

Criteria:

In accordance with Louisiana Revised Statute 42:16, the reason for holding an executive session shall be recorded and entered into the minutes of the meeting. In addition, LRS 42:19A(1) states, "...there shall also be attached to the written public notice of the meeting, whether or not such matters will be discussed in an executive session..."

Cause:

During the review of minutes, it was noted that the minutes did not include a reason that executive session was entered into. In addition, the public notice does not always describe the matters to be discussed in executive session.

Effect:

Possible violation of the Open Meetings Law.

Recommendation:

The Council should follow all requirements of the Open Meetings Law.

2018-004 Violation of the Open Meetings Law – Public Notice

Condition:

The Council did not comply with LRS 42:19A(1)(b)(i).

Criteria:

In accordance with Louisiana Revised Statute 42:19A(1)(b)(i), all public bodies, except the legislature and its committees and subcommittees, shall give written public notice of any regular, special, or rescheduled meeting no later than twenty-four hours, exclusive of Saturdays, Sundays, and legal holidays, before the meeting.

LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

Cause:

The Council held a board meeting on a Sunday afternoon but did not give public notice by the preceding Thursday before the close of business.

Effect:

Possible violation of the Open Meetings Law.

Recommendation:

The Council should follow all requirements of the Open Meetings Law.

2018-005 Violation of the Open Meetings Law – Action Taken without Public Comment

Condition:

The Council did not comply with LRS 42:14D.

Criteria:

In accordance with Louisiana Revised Statute 42:14D, states, "...each public body conducting a meeting which is subject to the notice of requirements of R.S. 42:19(A) shall allow a public comment period at any point in the meeting prior to action on an agenda item upon which a vote is to be taken..."

Cause:

The Board of Directors approved employee pay raises during a regular board meeting. Subsequent to the board approval, five members of the board met during an Executive Committee Meeting. During this meeting, a decision was made to suspend the raises and the accounting staff was instructed to reverse the pay raises. No public comment period was noted in the minutes. The full board was not in attendance of this meeting.

Effect:

Possible violation of the Open Meetings Law which can result in voidability of actions taken at unlawful meetings.

Recommendation:

The Council should follow all requirements of the Open Meetings Law. In addition, actions should not be taken during committee meetings, prior to public comment period, nor without approval of the full board.

2018-006 Budget Variance

Condition:

The Council did not comply with the budget policy.

LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

Criteria:

In accordance with the Council's budget policy, the Title III C-2 budget should be amended when actual revenues are less than the budgeted amount by more than ten percent or when actual costs are more than the budgeted amount by more than ten percent.

Cause:

The Council failed to adequately amend the budget at the end of fiscal year June 30, 2018.

Effect:

Inaccurate budgeting counters fiscal responsibility.

Recommendation:

The Council should monitor revenues and costs for each fund and amend the budgets when actual revenues are less than the budgeted amounts by more than ten percent or when actual costs are more than the budgeted amounts by more than ten percent.

2018-007 Internal Controls over Compensation

Condition:

The Council did not comply with the Fair Labor Standards Act (FSLA), the Louisiana Final Paycheck Law and its internal leave policies.

Criteria:

In accordance with the Fair Labor Standards Act (FSLA), employees must receive overtime pay of at least one and one-half times their regular rates of pay for hours worked in excess of forty hours in a workweek. In accordance with the Louisiana Final Pay Check Law (R.S. 23:631), upon the discharge of an employee, it is the duty of the employer to pay all amounts earned and due. In accordance with the Council's policy, up to ten days of annual leave may be carried over from one fiscal year to the next.

Cause:

Instances were noted where compensatory time was awarded in lieu of overtime pay for hourly employees, and the time off was at straight time pay. An instance was noted where an employee was only paid 20 hours of compensatory time at termination although the employee had earned more time than this. The Council's policy states that maximum accumulation and payout of compensatory time is 20 hours, however, this policy violates labor laws for hourly employees who have earned more than 20 hours. Instances were noted in which employees were allowed to carry forward more annual leave than allowed by the Council's policy. Documentation of approval is not maintained for all exceptions to the policy.

Effect:

Possible violation of federal labor laws, state labor laws and internal controls.

LAFAYETTE COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

Recommendation:

The Council should follow all federal labor laws, state labor laws and internal control policies. In addition, we recommend the Council consults with an attorney to review its current policies that are in place.

Part III Findings and Questioned Costs Relating to the Federal Programs

The audit did not disclose any material noncompliance or questioned costs relative to its federal programs.

Part IV Management Letter

The auditor did not issue a management letter this year.

LAFAYETTE COUNCIL ON AGING, INC.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

2017-001 **Non-compliance with Notices to be Posted**

Finding:

The Council did not comply with LRS 24:523.1. The required fraud flyer was not posted on the Council's website.

Status:

Unresolved; see current year finding 2018-001.

LAFAYETTE COUNCIL ON AGING, INC.

Management's Corrective Action Plan
Year Ended June 30, 2018

Response to Findings:

2018-001 Non-compliance with Notices to be Posted

The Council will obtain the required fraud flyers from the Louisiana Legislative Auditor's website and post the flyer on the Council's website.

2018-002 Non-compliance with the Louisiana Code of Governmental Ethics – Training

The Council will require all employees and members of the Board of Directors to complete one hour of ethics training annually.

2018-003 Non-compliance with the Open Meetings Law – Executive Session

The Council will adhere to all Open Meetings Laws related to executive session.

2018-004 Non-compliance with the Open Meetings Law – Public Notice

The Council will adhere to all Open Meetings Laws related to giving public notice of meetings.

2018-005 Non-compliance with the Open Meetings Law – Action Taken without Public Comment

The Council will adhere to all Open Meetings Laws related to allowing for public comment and board approval prior to taken actions.

2018-006 Budget Variances

The Council will amend the budgets whenever actual revenues are less than budgeted amounts by more than ten percent or when actual costs are more than the budgeted amounts by more than ten percent.

2018-007 Compensation

The Council will follow all federal labor laws, state labor laws and internal control policies. In addition, the Council will review its current policies that are in place.



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors
Lafayette Council on Aging, Inc.
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by Lafayette Council on Aging, Inc. (a nonprofit organization) 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:

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):

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

Written policies and procedures were obtained and address all of the functions noted above.

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.

Written policies and procedures were obtained and address the functions noted above.

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- c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions noted above.
- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions noted above.
- 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
Written policies and procedures were obtained and do not address the functions noted above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
Written policies and procedures were obtained and do not address the functions noted above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions noted above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
Written policies and procedures were obtained and address the functions noted above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
The entity is a nonprofit; therefore, not applicable.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for 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.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.
 - b) 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.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did reference or include financial activity monthly..

- 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.

The entity is a nonprofit, therefore; this is not applicable.

Bank Reconciliations

No exceptions were noted during the fiscal year ended June 30, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Collections

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

Obtained listing of cash collection locations and management's representation that listing is complete.

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

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

Written documentation was obtained and address the functions noted above.

- 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.

Written documentation was obtained and address the functions noted above.

- 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.

Written documentation was obtained and address the functions noted above.

- 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.

Written documentation was obtained and address the functions noted above.

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

Employees that are responsible for collecting cash are bonded.

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.
No exception noted.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exception noted.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No exception noted.
 - 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).
No exception noted.
 - e) Trace the actual deposit per the bank statement to the general ledger.
No exception noted.

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).
Listing of disbursements and management's representation that the listing is complete was obtained.
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.
Written policies and procedures were obtained and address the functions noted above.
 - b) At least two employees are involved in processing and approving payments to vendors.
Written policies and procedures were obtained and address the functions noted above.
 - 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.
Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

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.

No exception noted.

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

Disbursement documentation did include evidence of segregation of duties.

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

No exceptions were noted during the fiscal year ended June 30, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Travel and Expense Reimbursement

No exceptions were noted during the fiscal year ended June 30, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Contracts

No exceptions were noted during the fiscal year ended June 30, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Payroll and Personnel

No exceptions were noted during the fiscal year ended June 30, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

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.

No documentation noted for the employees selected, although ethics training began for members of management.

- 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.

No exceptions noted.

Debt Service (excluding nonprofits)

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.

The entity is a nonprofit, therefore; this is not applicable.

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.

The entity is a nonprofit, therefore; this is not applicable.

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.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

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.

Required notices were posted on the entity's premises but not on the website.

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.

Dawall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
November 20, 2018



LAFAYETTE COUNCIL ON AGING, INC.

160 INDUSTRIAL PKWY. • LAFAYETTE, LOUISIANA 70508
TELEPHONE (337) 262-5990 • FAX (337) 262-1365

November 20, 2018

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants
Lafayette, Louisiana

The following is management's response to the 2017-18 AUP report submitted for the Lafayette Council on Aging, Inc.

WRITTEN POLICIES AND PROCEDURES

1. f) In the future, the LCOA will include in its written policies and procedures for contracting on the following functions:
 - (1) types of services requiring written contracts
 - (2) standard terms and conditions
 - (3) legal review
 - (4) approval process
 - (5) monitoring process

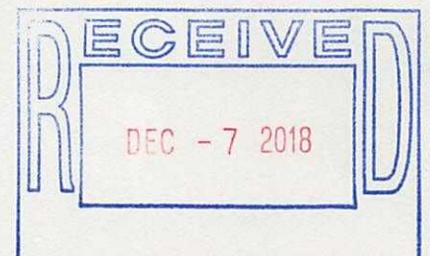
1. g) Policies and procedures will be written for credit card usage to include the following functions:
 - (1) how cards are to be controlled
 - (2) allowable business uses
 - (3) documentation requirements
 - (4) required approvers
 - (5) monitoring card usage

ETHICS

20. a) Management will continue to require all employees to take the require ethics training.

OTHER

24. The Lafayette Council on Aging, Inc. will post on its website the notice required by R.S 24:523.1.



*"The open flower symbolizes the beauty of maturity"
"The sunrays stand for hope and meaning in life"*