

Financial Report

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana**

June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

St. Tammany Council on the Aging, Inc. Fiscal Year Ended June 30, 2005

The Management's Discussion and Analysis of St. Tammany Council on the Aging, Inc. (the Council), presents a narrative overview of the financial performance and activities of the Council for the year ended June 30, 2005. This document focuses on the current year's activities, resulting changes, and currently known facts. Also, this document should be read in conjunction with the basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Council showed a decrease in overall net assets of \$7,437, or .75%.
- Net capital assets of the Council decreased by \$31,491, or 10.5%.
- The Council's fund revenues increased by \$13,925, or .79%.
- The Council's fund expenditures decreased by \$7,231, or .41%.
- The unreserved, undesignated fund balance for the Council's General Fund was \$691,883, at year-end, which is a \$24,300 or 3.6% increase from the prior year.
- No deficit fund balances existed at year-end.
- At year-end the Council's special revenue fund for Utility Assistance had a fund balance of \$3,972. This was the only special revenue fund that had a fund balance at year-end.
- The Council had no long-term debt at year-end.

HOW TO USE THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 19 and 20) provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. Fund financial statements begin on page 22. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

The Council's auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor also provides in his report varying degrees of assurance about the Supplementary Financial Information required by GASB Statement 34, GOEA, and OMB Circular A-133 that follow later in this reporting package. A user of this document should read the independent

auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS

Management's analysis of the Council as a whole begins on page 5. An important point to consider is whether the Council's finances, as a whole, are better or worse off as a result of this year's activities. The Statement of Net Assets and the Statement of Activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements, found on pages 19 and 20 report the Council's net assets and changes in them. At year-end \$18,159 of the net assets are restricted, which means they can only be used for a specific purpose, whereas \$695,646 of the net assets are unrestricted, meaning they can be used for any program at management's discretion. Additionally, the Council has \$268,721 invested in capital assets giving it \$982,526 in total Net Assets. The Statement of Net Assets is designed to present the financial position of the council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, the expansion or contraction of programs and services, and the impact of Hurricane Katrina.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of nine primary programs that include supportive social services, nutritional services, disease prevention and health promotion, family caregiver support, Alzheimer's caregiver assistance, senior citizen center operations, senior citizen activities, Senior Olympics, and Resource Festival. Subprogram activities are also presented to facilitate additional analysis. All activities of the Council are considered to be governmental activities.

A governmental activity is usually one where the Council uses money it receives from property taxes, governmental grants and contracts, along with donations from the general public, to provide services at little or no charge to the general public, or a segment of the general public, such as the elderly. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity would be classified as a business-type activity. The Council does not have any business-type activities nor did it directly charge a fee to any eligible person receiving any registered service during the year. However, the Council did charge fees for contracted

transportation services during the year. These fees totaled \$35,495 and were used to offset the cost of providing transportation services to the elderly. The Council also held a major event, the Senior Olympics, in which participation required a fee. The Council received \$6,738 in entry fees and the money was used to offset the costs of holding the event. The Council also held a Resource Festival and charged a booth fee of \$85 to each company wanting to participate in the festival. A total of \$3,060 in booth fees was collected.

REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS USING FUND FINANCIAL STATEMENTS

The Fund Financial Statements on pages 22 and 23 provide detailed information about the Council's most significant funds, not the Council as a whole entity. In the Fund Financial Statements, there are column presentations for a General Fund, five Special Revenue Funds that have been determined to be "Major Funds", and a column for the total of all remaining Special Revenue Funds, which are deemed to be "Nonmajor Funds." The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future for Council programs. The difference between net assets of governmental activities and fund balances of the governmental funds is reconciled at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balances for the governmental funds and the change in net assets for the governmental activities has been reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25 to 65 and should be read before making assumptions or drawing conclusions about the Council's financial condition.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has an adopted annual budget. The schedules compare the original and final 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.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which is believed to be important to present to the Council's financial statement users.

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

OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 77 and 78. This information will be used by GOEA to verify the accuracy of information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants it has with the Council.

SUPPLEMENTAL INFORMATION REQUIRED BY OMB CIRCULAR A-133

OMB Circular A-133 requires a Schedule of Expenditures of Federal Awards to be included as supplemental information. This schedule presents information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council. (See page 80)

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

The following amounts reflect condensed information on the Council's net assets:

	2005	2004	Increase (Decrease)
Current and Other Assets:			
Current Assets	\$ 733,807	\$ 699,168	\$ 34,639
Long-term Investments	75,000	75,000	-
Capital Assets, net of depreciation	268,721	300,212	(31,491)
Security Deposit - AAA Office	1,400	1,400	-
Total Assets	<u>1,078,928</u>	<u>1,075,780</u>	<u>3,148</u>
Current Liabilities	<u>96,402</u>	<u>85,817</u>	<u>10,585</u>
Total Liabilities	<u>96,402</u>	<u>85,817</u>	<u>10,585</u>
Net Assets:			-
Invested in Capital Assets	268,721	300,212	(31,491)
Restricted	18,159	16,266	1,893
Unrestricted	<u>695,646</u>	<u>673,485</u>	<u>22,161</u>
Total Net Assets	<u>\$ 982,526</u>	<u>\$ 989,963</u>	<u>\$ (7,437)</u>

As of June 30, 2005, the Council "as a whole" had assets greater than its liabilities of \$982,526, whereas at the end of last year the Council's net assets were \$989,963. About 70% and 68% of the Council's total net assets are unrestricted as of June 30, 2005 and 2004, respectively. Unrestricted net assets are important because they provide the financial resources management will need to adapt to changes in the economy, emergencies, unanticipated service needs and a reduction in or termination of grant revenues by government agencies.

The Council's restricted net assets represent about 1.8% (1.6% for 2004) of the Council's total net assets as of year-end. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets invested in capital assets are presented net of any related outstanding debt to acquire them. For the year presented, there is not any debt to be subtracted from the capital asset amount. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps assure management will stay within its financial means so that future revenues will be spent for client services instead of debt service.

The Council had invested in two \$75,000 certificates of deposit at year-end, which mature on 10/2/06 and 10/02/05, (interest rates - 2.90% and 3.15%). The certificates of deposit represent funds set aside to cushion any unexpected loss of revenue that might adversely impact the Council's ability to

continue current service levels. Further, the long-term maturities are a way to maximize interest income on a portion of the excess operating funds. Interest income of \$4,538 was received from these two investments in FY 2005 and \$4,540 in FY 2004.

Current liabilities consist primarily of accounts payable to vendors totaling \$72,447 (\$56,523 in FY 2004) and payroll related liabilities that are due in the normal course of operations totaling \$7,458 (\$17,010 in FY 2004). Also included is \$14,328 (\$10,754 for FY 2004) for compensated absences that represents the Council's aggregate liability for unpaid vacation leave that its employees had earned, but not taken as of year-end. Deferred revenue of \$1,250 (\$1,530 in FY 2004) represents money received in advance for the Council's Resource Festival that will be held in July 2005. Advances from funding agency of \$919 represents money received from GOEA under its grant programs that had not been spent as of year-end and will have to be returned.

The table on the following page illustrates the revenues and expenses that produced the increase in net assets for the fiscal year.

<u>Revenues</u>	<u>2005</u>	<u>% of Total</u>	<u>2004</u>	<u>% of Total</u>
Program Revenues:				
Operating Grants and Contributions	\$ 774,616	44.04%	\$ 705,909	41.07%
Capital Grants and Contributions	53,654	3.05%	152,730	8.88%
Charges for Services	45,293	2.57%	32,861	1.91%
General Revenues:				
Property Taxes	675,155	38.38%	620,711	36.11%
Unrestricted Grants and Contributions	167,799	9.54%	166,092	9.66%
State Revenue Sharing	28,692	1.63%	29,488	1.72%
Interest Income	13,773	0.78%	8,051	0.47%
Other General Revenues	-	0.00%	3,144	0.18%
Total Revenues	1,758,982	100.00%	1,718,986	100.00%
Direct Program Expenses of the Health, Welfare, and Social Services Function:				
Supportive Services:				
Transportation of the elderly	560,292	31.72%	500,137	31.76%
Other Supportive Services	88,312	5.00%	98,118	6.23%
Nutrition Services:				
Congregate Meals	213,830	12.11%	201,150	12.77%
Home-delivered Meals	299,941	16.98%	278,540	17.69%
Disease Prevention and Health Promotion	3,457	0.20%	6,885	0.44%
Family Caregiver Support	65,720	3.72%	68,676	4.36%
Alzheimer's Caregiver Assistance	66,777	3.78%	-	0.00%
Senior Center Operations	55,194	3.12%	55,657	3.53%
Senior Olympics	18,318	1.04%	16,394	1.04%
Senior Citizen Activities	5,927	0.34%	13,426	0.85%
Resource Festival	3,541	0.20%	2,214	0.14%
Direct Administrative Expenses	385,110	21.80%	333,386	21.17%
Total Expenses	1,766,419	100.00%	1,574,583	100.00%
Increase in Net Assets	(7,437)		144,403	
Net Assets, beginning of the year	989,963		845,560	
Net Assets, end of the year	\$ 982,526		\$ 989,963	

The table above presents in a more summarized version the revenues and expenses of the Council's governmental activities for FY 2005 and FY 2004.

The majority of the Council's activities are funded by a local property tax and federal and state grants.

One of the Council's largest sources of revenues in both years was from a local property tax. The gross proceeds of the property tax were \$698,037 for this year compared to \$642,036 for last year. The St. Tammany Parish Sheriff withheld \$22,882 in FY 2005 (\$21,325 in FY 2004) of the gross proceeds to pay for the Council's pro-rata share of parish-wide expenses, which resulted in the Council receiving net property tax proceeds of \$675,155 for FY 2005 and \$620,711 for FY 2004. In the Statement of Activities

the net proceeds of the property taxes has been presented as a general revenue because this money can be used to benefit any of the Council's programs. Further, management has elected to offset the gross property tax amount with the amount kept by the Sheriff rather than add it to the Council's administrative expenses because it is in substance not an administrative expense of the Council. The net proceeds of the property tax represent about 38% (36% for FY 2004) of the Council's total governmental activity revenue this year. Obviously, without this source of revenue the Council's operations would have to be curtailed significantly.

Program revenues, which are comprised mainly of government grants and restricted public support, amounted to \$873,563 this year (\$891,500 last year), or about 50% this year (52% last year) of the Council's total governmental activity revenues. These revenues must be used for the purposes for which they were given or granted to the Council.

The Council also received \$167,799 (\$166,092 last year) of unrestricted public support and grants, which was available for management to use at its discretion. This type of revenue comprised about 10% of the Council's revenues in both years.

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

The Council had a \$7,437 decrease (\$144,403 increase last year) in its net assets for the year. This is a change of \$151,840 between FY 2005 and FY 2004. The change can be attributable to many factors, but the table above indicates that the capital grants and contributions revenue for FY 2005 was \$99,076 less than in FY 2004. This type of revenue varies from year to year; accordingly, large variances are likely to occur. In addition, the table shows direct administrative expenses were \$51,724 more in FY 2005 than last year.

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of St. Tammany Parish and right now these two services are in the greatest demand. However, there is a growing demand for in-home type services and services geared to help individuals stay in their homes and remain in the community. These in-home services include homemaker, Alzheimer's caregiver assistance, and family caregiver type services. The Council's management has identified caregiver services as a priority and plans to adjust its budget to reallocate available resources to meet the demands of this program and other programs.

Another area of interest on the Statement of Activities relates to the total column wherein the Council illustrates that virtually all of the governmental activities have more expenses than revenues. In other words, they are not self-supporting. Management's ability to provide these governmental activities is heavily dependent upon general revenues, particularly the local property tax. This financial relationship is expected and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. Without the property tax revenue and the unrestricted grants and contributions, management would have a difficult time providing services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services, as well as reallocating them to meet future demands.

Another indication of how money is used efficiently can be analyzed by comparing the amount of administration costs from year to year, as well as calculating the percentage administration expenses bears in relation to total expenses. For 2005, total administration expenses were \$385,110 (\$333,386 for FY 2004), or 21.8% of total current year expenses (21.17% last year). Administration expenses include indirect type costs, meaning these are costs are not specifically identified with a particular program, but benefit all programs.

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

Fund Balances

The Council showed a combined governmental fund balance of \$728,133 (as shown on the Fund Financial Statement's Balance Sheet on page 22) at the end of this year, which is an increase of \$27,628 over the prior year's combined fund balance of \$700,505. The General Fund increased by \$29,279 this year, and the combined fund balances of the Special Revenue Funds decreased by \$1,651.

Revenues

The combined fund revenues increased \$13,925 this year versus last year, as shown in the table below.

	2005	2004	Increase/ (Decrease)	
			Amount	Percent
Property Taxes	\$ 698,037	\$ 642,036	\$ 56,001	8.72%
Intergovernmental	944,555	989,616	(45,061)	-4.55%
Public Support	72,541	80,217	(7,676)	-9.57%
Interest Income	13,773	8,084	5,689	70.37%
Program Service Fees	42,666	44,838	(2,172)	-4.84%
Special Events & Fundraising	10,292	2,115	8,177	386.62%
Miscellaneous	-	1,033	(1,033)	-100.00%
Total Revenues	\$ 1,781,864	\$ 1,767,939	\$ 13,925	0.79%

The increase in property taxes is a function of an increasing property tax base in St. Tammany Parish.

The decrease in Intergovernmental revenue is primarily due to the Council receiving (1) \$99,076 less federal matching funds under a capital assistance program for the elderly and disabled in FY 2005 than it did in FY 2004, (2) \$75,824 of new funds from GOEA for a program started in FY 2005 for Alzheimer's caregiver assistance, and (3) \$19,533 less from the St. Tammany Parish government from an FTA Public Transportation grant for nonurbanized areas.

Public support shows a decrease this year compared to last year because the Council received \$6,680 less from utility companies in FY 2005 than it did in FY 2004. Also, Hadden Hall seniors did not hold as many fundraising activities in FY 2005 as they did in FY 2004.

Interest income increased \$5,689 in FY 2005 versus FY 2004 because of rising interest rates and the Council's ability to improve cash flow.

The decrease in Program Service Fees was primarily due to a \$1,929 decrease in entry fees for participants in the Senior Olympic Games.

Special events and fundraising increased \$8,177 over the FY 2004 amount by \$8,177 because the Council was able to generate more revenue from its annual Resource Festival this year than it did last year.

Expenditures

Total expenditures decreased by \$7,231 this year, as shown in the table below.

			Increase/ (Decrease)	
	2005	2004	Amount	Percent
Personnel	\$ 608,329	\$ 577,039	\$ 31,290	5.42%
Fringe	111,735	93,124	18,611	19.99%
Travel	59,657	47,495	12,162	25.61%
Operating Services	286,361	266,281	20,080	7.54%
Operating Supplies	112,768	82,318	30,450	36.99%
Other Costs	44,191	29,902	14,289	47.79%
Meals	293,119	278,634	14,485	5.20%
Full Service Contracts	96,444	92,566	3,878	4.19%
Utility Assistance	8,457	13,740	(5,283)	-38.45%
Caregiver Vouchers	43,231	0	43,231	N/A
Capital Outlay	67,062	259,043	(191,981)	-74.11%
Intergovernmental	22,882	21,325	1,557	7.30%
	<u>\$ 1,754,236</u>	<u>\$ 1,761,467</u>	<u>\$ (7,231)</u>	<u>-0.41%</u>

Personnel costs rose because the Council had to hire more drivers to meet the demand of its transportation programs. Total wages for drivers were about \$15,000 more this year than last year. The Council also began an Alzheimer's Caregiver Assistance program in mid-year and hired a coordinator for that program. This action accounts for another \$8,500 of increased personnel costs this year. The other component of the personnel cost increase relates primarily to wage adjustments.

Fringe expenditures rose by about \$18,000 in FY 2005 over last year because of two primary reasons. First, workman's compensation expenditures were about \$13,000 more this year as a result of several claims having been filed against the Council, and uniform expenditures were about \$5,000 more than last year.

Approximately \$7,000 of the increase in travel expenditures relates to the Council using more individuals to deliver home delivered meals in FY 2005 than in FY 2004. Previously, the Council used some of its fleet vehicles to deliver meals but discontinued this method beginning in FY 2005. The Council also started paying a larger mileage reimbursement to its employees in FY 2005 to help them offset the rising cost of fuel, contributing to additional travel costs this year.

Equipment, vehicle, and building maintenance costs rose about \$14,000 over FY 2004 amounts this year. And, vehicle insurance costs were about \$6,500 more this year than last year. These expenditures are components of operating services and account for the main reasons why that category's expenditures rose by about \$20,000 in FY 2005.

Operating supplies rose by about \$30,000 as a result of (1) rising gasoline prices which were about \$24,000 more this year than last year and (2) about \$6,000 of small equipment purchases for computers and office furniture, plus a steam table.

Other costs increased by about \$14,000 due to an increase in audit costs of about \$4,000, training costs of \$3,000, and a variety of other costs.

Full service contract costs did not change very much versus last year because the Council used the same subcontractors and the contract amounts did not significantly change. Meals costs increased in FY 2005 as a result of the cost of meals being increased from \$2.14 per meal to \$2.19 per meal. Utility assistance was less than last year because the Council did not receive as much public support from the utility companies so the Council did not have as much money available to provide assistance this year. Caregiver vouchers expenditures relate to a new program started by GOEA in FY 2005 for Alzheimer's Caregivers Assistance, so these expenditures are unique to FY 2005. The capital outlay expenditures decreased significantly because the Council only added two new vehicles to its fleet in FY 2005 whereas it acquired six new vehicles in FY 2004. Intergovernmental expenditures remained about the same. This expenditure is totally dependent upon what the Sheriff's office withholds each year from the Council's gross property tax collections to pay for the Council's share of pension costs for other governments. The amount of this expenditure should be about the same each year.

AN ANALYSIS OF THE GENERAL FUND BUDGET

The Council's budget was amended once during the fiscal year with the Board of Director's approving the final amendment on May 4, 2005. The amendment effectively approved any expenditure already incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures, and to prevent compliance violations under the Council's grants from GOEA.

A schedule of the original and amended budgets for the General Fund can be found in the Supplementary Financial Information Required by GASB Statement 34 section of this report on page 67.

When reviewing the budget versus actual schedule for the General Fund, the reader will note that when the actual results are compared to the final budget, the Council had a net favorable variance of \$26,134. This net favorable variance can be attributed primarily to better than expected revenues and lower than expected expenditures. The General Fund revenues received were \$11,214 greater than expected and the favorable variance for expenditures was \$28,907. However, there was an unfavorable variance of \$13,987 in transfers out to other funds because costs in other programs ran more than management expected.

When comparing the original budget to the final budget, the most significant adjustment relates to property tax revenues. A \$35,299 adjustment was made to increase expectations for property tax revenues based on information management had received during the year from the assessor's office.

On both the original budget and the amended final budget, management predicted the Council would operate this year at approximately a "breakeven" level. However, actual results were better than expected.

The explanations above account for the most significant variances. The remaining favorable and unfavorable variances within the General Fund are within the expectations of management and can be reviewed on page 67.

AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the Council had \$268,721 in capital assets net of accumulated depreciation. This amount is a net decrease over last year of \$31,491.

Capital Assets, Net of Depreciation

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	Increase (Decrease)
Vehicles	\$ 250,013	\$ 277,376	\$ (27,363)
Office Furniture & Equip.	3,438	5,646	(2,208)
Comp. Equip. & Software	1,371	2,056	(685)
Recreation Equipment	-	-	-
Leasehold Improvements	12,008	12,839	(831)
Nutrition Equipment	1,891	2,295	(404)
	<u>\$ 268,721</u>	<u>\$ 300,212</u>	<u>\$ (31,491)</u>

During FY 2005 the Council acquired two vehicles to add to its transportation fleet. These were the only capital additions for FY 2005. The total cost of the six vehicles was \$67,062. In FY 2005, no capital assets were sold or disposed. Depreciation expense for the year was \$98,553 and at year-end the total accumulated depreciation was \$442,349.

At year-end the Council's fleet consisted of 18 vehicles, including both FTA and privately owned. The Council has plans to acquire four additional vehicles in FY 2006, two under an FTA capital assistance grant and two with the proceeds the Council received from eight vehicles that were destroyed by Hurricane Katrina on August 28, 2005. Refer to footnote 10 of the Notes to the Financial Statements for more information about how the hurricane affected the Council's capital assets.

The Council has no long-term debt related to its capital assets and does not like to incur any as a matter of financial stewardship.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

After year-end St. Tammany Parish was hit by Hurricane Katrina causing major damage to the Parish and several parishes in south Louisiana. Presently, management is trying to assess the effects the hurricane might have on the Council's ability to deliver services to the senior citizens of St. Tammany Parish. Because the Council was not fully operational for several weeks following the hurricane, it was not able to provide "units of service" in a usual manner. Management is in the process of determining how to "make up" for the units of service lost as a result of the storm. This objective will be difficult to attain because *many senior citizens have moved out of the Parish; however, other seniors have relocated to St. Tammany Parish from other parishes that suffered damage.* The influx of potential clients will afford the Council an opportunity to provide services to new people.

The hurricane totally destroyed eight of the Council's eighteen vehicles. Management expects to replace four of the eight vehicles in FY 2006. However, all contract transportation services were discontinued as of the end of August. In the past, contract transportation services have generated about \$35,000 annually for the Council. So far, the Council has received about \$116,000 in insurance proceeds from the insurance company for the destroyed vehicles; however, *a significant portion of these proceeds will have to be turned over to the Louisiana Department of Transportation and Development because 80% of the original cost of six of the eight vehicles was paid for with federal funds.* The exact amount to be returned has not yet been determined.

The hurricane also damaged the Slidell Senior Center and the Lacombe meal site extensively. As a result, no activities will be held at those locations until they can be repaired or a new location is found. Management is unable to predict if and when the centers will be reopened in those communities.

Management has budgeted \$1,783,136 of revenues and expenditures for the Council's programs in FY 2006. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2006. Sometime during FY 2006, management will amend the Council's budget to take into consideration the effects of Hurricane Katrina and any changes to the usual revenues the Council receives. Management expects the state government to make budget cuts and this action will affect all Council on Aging entities in Louisiana. Further, the property tax assessments are being adjusted to consider the damage inflicted by Katrina on the property in the Parish. As a result, the Council expects to receive less property tax revenues in FY 2006 than it did in FY 2005.

Management plans to "stay the course" for FY 2006 until it becomes clear that reductions in the property tax revenues and government budget cuts will mandate a change in the level of service the Council expected to provide in FY 2006. Despite the expected decrease in revenue for FY 2006, the Council has *sufficient unrestricted financial resources to absorb the decrease and still continue operations as usual, except in transportation services and in the communities of Slidell and Lacombe.*

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Mary Toti, Executive Director, P.O. Box 171, (physical address - 623 Plaza Street), Covington, Louisiana, 70434; (985) 892-0377; coast@coastseniors.org.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
St. Tammany Council on the Aging, Inc.
Covington, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Tammany Council on the Aging, Inc., Covington, Louisiana, (the Council) as of and for the year ended June 30, 2005, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall *financial statement presentation*. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 3, 2005, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Management's Discussion and Analysis on pages 1 through 15 and budgetary comparison schedules on pages 67 through 72 are supplementary information required by accounting principles generally accepted in the United States of America. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. None of the required supplementary financial information is required to be a part of the Council's basic financial statements. However, all of this supplementary information has been subjected to the auditing procedures I applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baton Rouge, Louisiana,
November 3, 2005.

Neil Ferrari, CPA

Neil G. Ferrari, CPA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A

STATEMENT OF NET ASSETS
 St. Tammany Council on the Aging, Inc.
 Covington, Louisiana
 June 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 507,661
Short-term investments	75,000
Receivables:	
City of Slidell	21,000
City of Mandeville	2,500
City of Covington	2,000
St. Tammany Parish Government	25,875
Property Taxes - St. Tammany Parish Sheriff	20,735
Governor's Office of Elderly Affairs	33,064
Various entities for transportation services	5,445
LEMIC for overpaid workman's compensation premium	5,149
State Senior Olympic Games	4,500
Prepaid expenses	<u>30,878</u>
Total current assets	733,807
Capital assets, net of accumulated depreciation	268,721
Other Assets:	
Long-term investments	75,000
Deposit - security deposit for main office lease	<u>1,400</u>
Total Assets	<u>1,078,928</u>
LIABILITIES	
Current Liabilities:	
Accounts payable to various vendors	72,447
Payroll taxes withheld and accrued	5,504
Other payroll withholdings and related expenses	1,954
Advances from funding agency - GOEA	919
Deferred revenue - Resource Festival	1,250
Compensated absences - unpaid accumulated vacation leave	<u>14,328</u>
Total current liabilities	<u>96,402</u>
NET ASSETS	
Invested in Capital Assets	268,721
Restricted for:	
Hadden Hall Senior Citizen Activities	14,187
Utility Assistance	3,972
Unrestricted	<u>695,646</u>
Total Net Assets	<u>\$ 982,526</u>

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

EXHIBIT B

STATEMENT OF ACTIVITIES

St. Tammany Council on the Aging, Inc.
Covington, Louisiana
For the year ended June 30, 2005

Functions/Programs	Program Revenues				Total Governmental Activities	Net (Expense) Revenue and Increase (Decrease) in Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the elderly	\$ 560,292	\$ 188,597	\$ 35,495	\$ 200,333	\$ 53,654	\$ (459,407)
Homemaker	28,500	367	0	27,753	0	(1,114)
Legal	10,000	0	0	5,183	0	(4,817)
Information and Assistance	5,369	2,160	0	1,074	0	(6,455)
Outreach	4,503	1,814	0	895	0	(5,422)
Recreation	1,729	693	0	358	0	(2,064)
Medic Alert	26,115	10,475	0	4,084	0	(32,506)
Utility Assistance	12,096	1,447	0	8,267	0	(5,276)
Nutrition Services:						
Congregate Meals	213,830	28,155	0	179,009	0	(62,976)
Home Delivered Meals	299,941	58,389	0	140,644	0	(217,686)
Disease Prevention and Health Promotion	3,457	1,343	0	4,789	0	(11)
Family Caregiver Support	65,720	6,040	0	55,201	0	(16,559)
Alzheimer's Caregiver Assistance	66,777	9,128	0	75,824	0	(81)
Senior Center Operations	55,194	21,098	0	10	0	(76,282)
Senior Olympics	18,318	4,813	6,738	14,850	0	(1,543)
Senior Citizen Activities	5,927	0	0	6,322	0	395
Resource Festival	3,541	0	3,060	4,275	0	3,794
Administration	385,110	(334,519)	0	45,745	0	(4,846)
Total governmental activities	\$ 1,766,419	\$ 0	\$ 45,293	\$ 774,616	\$ 53,654	\$ (892,856)
General Revenues:						
Grants and contributions not restricted to specific programs					167,799	
State Revenue Sharing					28,692	
Property Taxes, net of \$22,882 retained by the Parish					675,155	
Interest Income					13,773	
Total general revenues and special items						885,419
Increase (Decrease) in net assets						(7,437)
Net assets - beginning of the year						989,963
Net assets - end of the year						<u>\$ 982,526</u>

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

FUND FINANCIAL STATEMENTS

EXHIBIT C

**FUND BALANCE SHEET
GOVERNMENTAL FUNDS
St. Tammany Council on the Aging, Inc.
Covington, Louisiana
June 30, 2005**

	General Fund	Title III B	Title III C-1	Title III C-2	Section 5311	Alzheimer's Caregiver Assistance	Non- Major Funds	Total Governmental Funds
ASSETS								
Cash	\$ 436,347	\$ 21,456	\$ 14,277	\$ 17,107	\$ 0	\$ 666	\$ 17,808	\$ 507,661
Investments	150,000	0	0	0	0	0	0	150,000
Receivables:								
City of Slidell	21,000	0	0	0	0	0	0	21,000
City of Mandeville	2,500	0	0	0	0	0	0	2,500
City of Covington	2,000	0	0	0	0	0	0	2,000
St. Tammany Parish Government	0	0	0	0	25,875	0	0	25,875
Property Taxes - St. Tammany Parish Sheriff	20,735	0	0	0	0	0	0	20,735
Governor's Office of Elderly Affairs	0	0	0	0	0	30,907	2,157	33,064
Various entities for transportation services	0	5,445	0	0	0	0	0	5,445
LEMIC for overpaid workman's comp premium	5,149	0	0	0	0	0	0	5,149
State Senior Olympic Games	4,500	0	0	0	0	0	0	4,500
Prepaid expenditures	30,878	0	0	0	0	0	0	30,878
Deposit - security deposit for main office lease	1,400	0	0	0	0	0	0	1,400
Due from other governmental funds	52,478	0	0	0	0	0	0	52,478
Total Assets	<u>\$ 726,987</u>	<u>\$ 26,901</u>	<u>\$ 14,277</u>	<u>\$ 17,107</u>	<u>\$ 25,875</u>	<u>\$ 31,573</u>	<u>\$ 19,965</u>	<u>\$ 862,685</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable to various vendors	112	24,701	13,815	16,240	0	6,259	11,320	72,447
Payroll taxes withheld and accrued	226	2,200	462	867	0	202	1,547	5,504
Other payroll withholdings and related expenses	1,238	0	0	0	0	0	716	1,954
Advances from funding agency - GOEA	0	0	0	0	0	666	253	919
Deferred revenue - Resource Festival	1,250	0	0	0	0	0	0	1,250
Due to other governmental funds	0	0	0	0	25,875	24,446	2,157	52,478
Total Liabilities	<u>2,826</u>	<u>26,901</u>	<u>14,277</u>	<u>17,107</u>	<u>25,875</u>	<u>31,573</u>	<u>15,993</u>	<u>134,552</u>
Fund Balances								
Reserved, reported in:								
General Fund:								
Prepaid expenditures	30,878	0	0	0	0	0	0	30,878
Security deposit for main office	1,400	0	0	0	0	0	0	1,400
Unreserved/Undesignated, reported in:								
General Fund	691,883	0	0	0	0	0	0	691,883
Special Revenue Funds	0	0	0	0	0	0	3,972	3,972
Total Fund Balances	<u>724,161</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,972</u>	<u>728,133</u>
Total Liabilities and Fund Balances	<u>\$ 726,987</u>	<u>\$ 26,901</u>	<u>\$ 14,277</u>	<u>\$ 17,107</u>	<u>\$ 25,875</u>	<u>\$ 31,573</u>	<u>\$ 19,965</u>	
Amounts reported for governmental activities in the statement of net assets are different because:								
- Compensated absences are not paid for out of current financial resources and therefore are not reported as liabilities in the governmental funds								(14,328)
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds								268,721
Net Assets of Governmental Activities								<u>\$ 982,526</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

St. Tammany Council on the Aging, Inc.
Covington, Louisiana
For the year ended June 30, 2005

	General Fund	Title III B	Title III C-1	Title III C-2	Section 5311	Alzheimer's Caregiver Assistance	Nonmajor Funds	Total Governmental Funds
REVENUES								
Intergovernmental:								
Governor's Office of Elderly Affairs	\$ 39,246	\$ 151,676	\$ 85,879	\$ 124,533	\$ 0	\$ 75,824	\$ 275,497	\$ 752,655
Louisiana Dept. of Transportation & Development	0	0	0	0	0	0	53,654	53,654
St. Tammany Parish Government	0	0	0	0	84,054	0	0	84,054
State Revenue Sharing	28,692	0	0	0	0	0	0	28,692
City of Slidell	21,000	0	0	0	0	0	0	21,000
City of Mandeville	2,500	0	0	0	0	0	0	2,500
City of Covington	2,000	0	0	0	0	0	0	2,000
Property Taxes	698,037	0	0	0	0	0	0	698,037
Public Support (Restricted):								
Client contributions	0	5,411	22,330	16,111	0	0	0	43,852
Sponsorships & Donations for Senior Olympics	14,850	0	0	0	0	0	0	14,850
Various utility companies	0	0	0	0	0	0	6,806	6,806
Other donors	3,119	0	0	0	0	0	10	3,129
Public Support (Unrestricted):								
General public donations	3,904	0	0	0	0	0	0	3,904
Program Service Fees (charges for services):								
Transportation	0	35,495	0	0	0	0	0	35,495
Entry Fees for Senior Olympics	6,738	0	0	0	0	0	0	6,738
Other Fees	433	0	0	0	0	0	0	433
Interest Income	13,773	0	0	0	0	0	0	13,773
Special Events and Fundraising	10,292	0	0	0	0	0	0	10,292
Total revenues	844,584	192,582	108,209	140,644	84,054	75,824	335,967	1,781,864
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Personnel	1,911	317,152	63,275	115,864	0	22,787	87,340	608,329
Fringe	579	67,061	9,362	17,542	0	3,383	13,808	111,735
Travel	53	4,467	6,681	40,345	0	1,449	6,662	59,657
Operating Services	12,211	212,077	13,108	21,469	0	2,915	24,581	286,361
Operating Supplies	5,901	88,230	4,777	6,195	0	1,352	6,313	112,768
Other Costs	4,504	22,928	2,763	4,655	0	707	8,634	44,191
Full Service	8,673	37,594	0	0	0	0	50,177	96,444
Meals	0	0	141,368	151,751	0	0	0	293,119
Utility Assistance	0	0	0	0	0	0	8,457	8,457
Caregiver Vouchers	0	0	0	0	0	43,231	0	43,231
Capital Outlay	13,408	0	0	0	0	0	53,654	67,062
Intergovernmental	22,882	0	0	0	0	0	0	22,882
Total expenditures	70,122	749,509	241,334	357,821	0	75,824	259,626	1,754,236
Excess of revenues over (under) expenditures	774,462	(556,927)	(133,125)	(217,177)	84,054	0	76,341	27,628
OTHER FINANCING SOURCES (USES)								
Operating transfers in	0	556,927	133,125	217,177	0	0	16,506	923,735
Operating transfers out	(745,183)	0	0	0	(84,054)	0	(94,498)	(923,735)
Net increase (decrease) in fund balances	29,279	0	0	0	0	0	(1,651)	27,628
FUND BALANCE (DEFICIT)								
Beginning of year	694,882	0	0	0	0	0	5,623	700,505
End of year	\$ 724,161	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,972	\$ 728,133

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

EXHIBIT E

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

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana**

For the year ended June 30, 2005

Net Increase (Decrease) in Fund Balances - Total Governmental Funds \$ 27,628

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling amount is the amount by which depreciation (\$98,553) exceeds capital outlays (\$67,062) in the current period. (31,491)

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 - unpaid accumulated vacation leave (3,574)

Increase (Decrease) of Net Assets of Governmental Activities \$ (7,437)

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

NOTES TO FINANCIAL STATEMENTS

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana
June 30, 2005**

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

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

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

a. *Purpose of the Council on Aging: - (Continued)*

Specific services provided by the Council to the elderly residents of St. Tammany Parish include providing congregate and home delivered meals, nutritional education, crime prevention, information and assistance, outreach, material aid, home repairs, medication management, medic alert units, in-home respite, personal care, sitter services, support groups, public education, senior centers, utility assistance, homemakers, recreation, legal assistance, wellness, Alzheimer's caregiver assistance, and transportation. The Council also provides transportation services to the general public of the St. Tammany Parish.

b. *Reporting Entity:*

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

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

St. Tammany Council on the Aging, Inc. (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on April 4, 1967 and subsequently incorporated on September 5, 1968 under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

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

b. Reporting Entity: - (Continued)

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. Each member may serve no more than two consecutive terms. Any board member who has served two consecutive terms is ineligible to serve on the board of directors for one year. Reasonable efforts are made to maintain a board of directors whose composition will be representative of the population of St. Tammany Parish. Nominations to fill expiring terms of board members are made in August to the Council's Membership Committee that will consider and screen the nominations. The Membership Committee nominates who it believes to be the best-qualified persons to the full board. The members of the Council elect board members at their annual membership meeting in September. Any adult citizen of St. Tammany Parish may register to be a "member" of the Council. 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.

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

c. Basis of Presentation of the Basic Financial Statements:

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which 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. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets 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 assets (financial position) resulting from the activities of the current fiscal year. Governmental activities generally are supported by intergovernmental revenues and property tax revenues.

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

The Statement of Net Assets 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 assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues such as, intergovernmental revenues, property taxes, 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 then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and 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. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses." GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA administrative funds are allocated to the Council's other functions and programs.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Contributions, property taxes, grants, interest income, special event, fundraising, and miscellaneous revenues that are not properly included among program revenues are reported instead as general revenues in this 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.

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

Fund Financial Statements:

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

The daily accounts and operations of the Council continue to be organized using funds and account groups. 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 various funds are reported by generic classification within the financial statements.

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

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The following is a description of the governmental funds of the Council:

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

Local

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at management's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditure, are generally recorded in the local program. Because these funds are mostly unrestricted, they are often transferred to other programs and funds to eliminate deficits in cases where the expenditures of the other programs and funds exceeded their revenues.

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion in any program provided the program is benefiting people who are at least 60 years old. In fiscal year 2005, the Council transferred its PCOA funds to Title III C-1 fund to provide additional funds to pay for program expenditures.

Senior Citizen Activities

The Council operates centers in Slidell, Lacombe, Covington, Mandeville, Folsom, Bush, and Pearl River. The participants at some of these centers generate solicit public support through activities to help offset the costs of their activities which are not paid for by GOEA's primary grant for senior centers. The types of activities used to raise these funds consist of craft sales, raffles, dances, recycling aluminum cans, and refreshment sales. The revenues and related expenditures for senior center activities are maintained separately within the Council's general ledger.

Senior Olympic Games

During the year, the Council sponsored the Senior Olympic Games for the elderly of St. Tammany Parish. The event was held from April 13 and to May 1, 2005. Public support for this program was provided from various business and non-profit entities of St. Tammany Parish. Approximately 330 people participated in the senior games. The Council intends to hold this event each year.

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

Resource Festival

In July 2004 the Council held its annual Resource Festival, which is an event designed to bring the elderly of the parish into contact with persons and companies that provide goods and services that can help the elderly improve the quality of their life styles and educate them about health and medical issues. The revenues received from the sponsors of the Resource Festival and the related costs to hold this function have been accounted for in the General Fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

Major Governmental Funds:

Title III B Fund

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

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

Service	Units
Homemaker	1,491
Legal Assistance	214
Material Aid	3,001
Outreach	514
Recreation	12,516
Transportation	38,548
Utility Assistance	118
Medic Alert	1,241
Information & Assistance	1,227
Crime Prevention	122

Revenues generated by providing transportation services (\$35,495) have been reported within this fund as program service fees. These revenues have been used to offset the costs associated with generating the service revenues.

Title III C-1 Fund

The Title III C-1 Fund accounts for funds used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout St. Tammany Parish. The Council maintains meal sites in Slidell, Mandeville, Covington, Lacombe, Folsom, Bush, and Pearl River. During the year, the Council served 62,222 meals to people eligible to participate in this program.

Title III C-2 Fund

Title III C-2 Fund accounts for funds used to provide nutritional meals to homebound people who are age 60 or older. Using Title III C-2 funds, the Council served 65,911 meals during the year to people eligible to participate in this program.

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

Section 5311 Fund

The Section 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation for Nonurbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the St. Tammany Parish Government. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within St. Tammany Parish.

Alzheimer's Caregiver Assistance Fund

This program was started during FY 2005 by GOEA to improve the responsiveness of Louisiana's overall system of home and community based care to the needs and preferences of persons with Alzheimer's disease and their caregivers. St. Tammany's role in this effort was to test using vouchers as a means to help family caregivers purchase desired goods and services in their effort to care for persons who have Alzheimer's disease. There is a preapproved list of vendors that have agreed to participate in the program by accepting the vouchers that the Council issues. The Council does not specifically endorse any vendor on the list. The vendor selection is entirely up to the caregiver. If the voucher is for more than the cost of the goods or services desired, then the caregiver cannot get cash back. The Council will award up to \$1,000 per caregiver. The caregiver will present the voucher to the vendor and the vendor will render the goods or services and submit the voucher to the Council for payment. During FY 2005, 48 persons received benefits under this program.

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

Nonmajor Governmental Funds:

Title III C Area Agency Administration (AAA) Fund

The Title III C Area Agency Administration Fund is used to account for a portion of the indirect costs of administrating the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the aging. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bears to direct costs for all programs. Indirect costs are not allocated to all funds because program restrictions may prohibit or limit the payment of administrative type costs.

Title III D Fund

The Title III D Fund accounts for funds used for wellness, which includes disease prevention and health promotion activities. During the year 4,248 units of wellness type services and 800 units of medication management services were provided to eligible participants in this program.

Title III E Fund

The Title III E Fund accounts for funds relating to the National Family Caregiver Support program. The National Family Caregiver Support program is designed to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. This program targets older, low-income individuals. Specific types of services that can be provided by this program include: Adult Day Care, Adult Health Care, Material Aid, Case Management,

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

Personal Care, Counseling, Support Groups, Respite Care, Sitter Service, and Information and Assistance. Eligible participants include (1) adult family members, or another adult person, who provides uncompensated in-home and community care to an older person who needs supportive services or (2) grandparents, or a person 60 years of age or older, who is related to a child by blood or marriage and (1) lives with the child, (2) is the primary caregiver, and (3) has a legal relationship to the child or is raising the child informally. During the year, the Council provided 159 units of information and assistance, 1,778 units of in-home respite, 249 units of material aid, 237 units of personal care, 285 units of sitter service, 50 units of support group services, and 53 units of public education under this program.

Senior Center Fund

The Senior Center Fund accounts 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 where 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 primary senior centers for the Parish are located in Slidell and Covington. In addition, satellite senior centers are located in Lacombe, Mandeville, Pearl River, Folsom, and Bush. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, management transferred \$19,873 of this year's Senior Center funds (\$95,137) to the Title III C-2 Fund to pay for home-delivered meals. The remaining funds (\$75,264) were used to pay for the operation costs for the senior centers.

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

NSIP Fund

The NSIP Fund is used to account for the administration of Nutrition Services Incentive Program (NSIP) funds provided by the Administration on Aging, U.S. Department of Health and Human Services, to GOEA, which in turn "passes through" the funds to the Council. GOEA distributes NSIP funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. Using this formula, the Council receives from GOEA approximately 56.5 cents per congregate and home-delivered meal it serves. The primary purpose of the NSIP reimbursement is to provide money to buy food that will be used in the preparation of congregate and home-delivered meals under nutrition service programs. The food that is purchased for these purposes must be of United States origin or be commodities from the United States Department of Agriculture.

FTA Fund

The FTA Fund is used to account for the acquisition of vehicles purchased in part with federal funds under the U.S. Department of Transportation, Federal Transit Administration's (FTA) capital assistance program for the elderly and persons with disabilities. The Louisiana Department of Transportation and Development (DOTD) coordinates the receipt and disbursement of the FTA funds and the required matching funds from the Council. Two vans were received under this program during the fiscal year.

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

c. Basis of Presentation of the Basic Financial Statements - (continued)

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary grant for senior centers. The Council was one of the parish councils to receive a supplemental grant of \$3,825. The money received by this fund during the year was transferred to the Title III C-1 Fund to supplement the nutrition services provided by these funds. The Governor's Office of Elderly Affairs provided these funds to the Council.

Audit Fund

The Audit Fund accounts for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. Audit expenditures are charged to this fund up to the amount of the GOEA subsidy (\$3,436). The excess audit costs (\$17,006) have been distributed to other funds and programs using the Council's indirect cost allocation formula.

Utility Assistance Fund

The Utility Assistance Fund accounts for the administration of utility assistance programs sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds. The Council's general policy is to provide utility assistance of up to \$100 per eligible person per instance, not to exceed two instances per year. During the year, the Council was able to provide 118 instances of assistance to 108 different people with these funds.

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

d. Measurement Focus and Basis of Accounting

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

- **Government-wide Financial Statements – Accrual Basis**

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

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

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

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

e. Interfund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid. In the government-wide financial statements, transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets.

f. Cash

Cash includes not only currency on hand, but also demand deposits with banks or other financial institutions.

For purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose.

g. 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 collectibility of any receivable, management would write off the receivable as a bad debt at that time.

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

h. Investments

GASB Statement 31 requires the Council to report its investments at fair value in the balance sheet, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors. At year-end the Council had two \$75,000 certificates of deposit that were non-participating interest-earning contracts.

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

i. 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 Assets, depending on when management expects to realize their benefits.

In the fund financial statements, the Council has elected not to include amounts paid for future services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure the Council's management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

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

j. Capital Assets

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

Government-Wide Financial Statements

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

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

Equipment - other than computers	6 to 10 years
Vehicles	5 to 9 years
Computer equipment	5 years
Leasehold improvements	20 years

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

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

j. Capital Assets - (continued)

Fund Financial Statements

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

k. Non-Current (Long-term) Liabilities

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

l. Unpaid Compensated Absences

The Council's policies for vacation leave 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 the Council's policy as it relates to accruing (earning) and using vacation leave. Accordingly, all amounts earned and unused as of year-end are considered a current liability for purposes of the Statement of Net Assets.

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. An amount is added to this total for Social Security and Medicare taxes.

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

l. Unpaid Compensated Absences - (continued)

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

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

m. Advances From Funding Agency

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency.

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

n. Deferred Revenue

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the fund financial statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized.

o. Deferred Property Tax Revenue

Deferred property tax revenue represents taxes expected to be collected, but not within 60 days after the end of the Council's fiscal year for which the taxes were levied. The Council did not present any amount this year as deferred property tax revenue because management believes little, if any, additional property tax revenue will be collected after August 31, 2005 for the 2004 property tax assessment.

p. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the Net Asset amount 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 assets – This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

p. Net Assets in the Government-wide Financial Statements - (continued)

- Unrestricted net assets - This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Council's policy is to use restricted resources first to finance its activities, except for nutrition services. When providing nutrition services, revenues earned by the Council under its NSIP contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the NSIP revenues when paying for nutrition program costs. Quite often, unrestricted resources are available for use that must be consumed or they will have to be returned to the grantor agency. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, in this case, the Council will depart from its usual policy of using restricted resources first.

q. Fund Equity - Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund Balance may be further classified as reserved and unreserved, with unreserved further split into designated and undesignated. Reserved means that the Council has "reserved" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated fund balances result when the Council's management intends to expend certain resources in a designated manner. Designations of fund balances can be changed at the discretion of the Council's Board of Directors. There were no designated fund balances at year-end.

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

r. Management's Use of Estimates

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

s. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct 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 based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant, contract, or donor restrictions.

t. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets 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.

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 (charges for services), and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support, fund-raisers, and miscellaneous revenues are often difficult to measure; therefore, they are generally recorded as revenue in the period received.

Note 3 - Revenue Recognition - Property Tax

During fiscal year 2000, the Council began receiving funds from a property tax adopted by the voters of St. Tammany Parish to provide money to finance the Council's operations. The St. Tammany Parrish Assessor began assessing the property tax on November 15, 1999, and will continue to do so each November 15 for ten years. The tax will be based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1st day of January preceding the annual levy date (Nov. 15th) will be used as the date to value the property subject to tax.

The gross assessed value as of January 1, 2004, of the certified roll was \$1,290,943,410. After applying homestead exemptions, supplemental accounts, and other reductions, the net assessed value upon which the Council's property tax was computed was approximately \$837,441,000. One mill is the maximum amount the Council may legally elect to assess property owners each year. However, the Council elected to have the Parish only assess 83% of the one mill for tax year 2004. Accordingly, management has estimated the gross amount of property tax payable, excluding back tax settlements, to the Council for this fiscal year to be approximately \$695,076.

Note 3 - Revenue Recognition - Property Tax - (continued)

Property taxes are due on November 15 and are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The St. Tammany Parish Sheriff acts as the collection agent for property taxes and does not charge the Council any commission for performing this service. In an effort to collect all taxes due for the Parish, the Sheriff will have a "tax sale" each year. The tax sale date for St. Tammany Parish for the 2004 tax assessment was June 8, 2005, and the tax liens were recorded on June 20, 2005.

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. As the Sheriff collects the taxes, he forwards them to the Council on Aging where they are recorded as revenues in accordance with the modified accrual basis of accounting. The Council also accrues as current year revenues any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. Accordingly, property tax collections of \$20,735 during July and August 2005 were accrued as this year's revenues. No amounts have been presented as deferred property tax revenues in this year's statements because management considers any amount to be immaterial.

Based on information available to management at the time these financial statements were prepared, management estimates substantially all property taxes due from the 2004 tax assessment will be collected. Accordingly, management has not recorded an estimate for uncollectible property taxes.

Property tax revenues in the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances include \$22,882 withheld by the Sheriff to make "on-behalf payments for fringe benefits," which represent the Council's pro rata share of retirement plan contributions for other governmental units. A corresponding intergovernmental expenditure of \$22,882 has also been presented in that financial statement. For purposes of the government-wide Statement of Activities, property tax revenues of \$698,037 were reduced by the \$22,882 withheld by the Sheriff producing net property tax revenue of \$675,155, which was a component of general revenues on that statement. Also, see the "On-behalf Payments for Fringe Benefits" footnote later in this report.

Note 4 - Cash Management and Deposits

The Council maintains a consolidated operating 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 for making payroll disbursements and a savings account.

The Council maintains nine petty cash funds of \$100 each at its various locations to pay for small, unexpected expenses that might arise during daily operations.

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, 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 on its books, including \$900 of petty cash and \$1,683 of cash and checks waiting to be deposited, was \$507,661, whereas the related bank balances totaled \$625,440 (\$593,621 at Hibernia National Bank and \$31,819 at Central Progressive Savings). The primary difference in these amounts relates to deposits made to and checks written on demand deposit accounts that have not yet cleared the bank accounts. At year-end, \$131,819 of the bank balances were insured 100% by federal depository insurance. The remaining \$493,621, which is on deposit at Hibernia Bank, is uninsured but the bank has collateralized this amount by pledging securities, which are being held at the Federal Reserve Bank in New Orleans on behalf of the Council.

For purposes of the Statement of Net Assets, the cash balance of \$507,661 is comprised of restricted cash of \$18,159 and unrestricted cash of \$489,502. The restricted cash amount of \$18,159 also equals the sum of the restricted net assets in this statement. The Council has presented restricted cash as current assets in the Statement of Net Assets because it is available for use in current operations.

Note 5 - Investments

The Council's primary purpose for investing is to earn interest income on money that management has determined to be in excess of immediate cash needs. Although it is not required by law to comply with the State of Louisiana's investment laws, the Council's management has elected to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds.

At year-end, the Council had invested idle cash in two non-negotiable, certificates of deposit as follows:

<u>Bank</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Maturity</u>
Central Progressive Bank	2.90%	\$75,000	10/02/06
Central Progressive Bank	3.15%	<u>75,000</u>	10/02/05
 Total Investments		 <u>\$150,000</u>	

Of the \$150,000, \$100,000 was covered by FDIC insurance, whereas the remaining \$50,000 was collateralized by securities pledged by Central Progressive Bank, which are being held by First National Banker's Bank on behalf of the Council.

Note 6 - Prepaid Expenditures/Expenses and Vehicle Purchase Deposits

At year-end, prepaid expenditures in the Fund Balance Sheet and prepaid expenses in the Statement of Net Assets consisted of the following that will be consumed in FY 2006:

Insurance Premiums	\$ 30,118
Rent for the Resource Festival	700
Overpaid Deferred Compensation Match	<u>60</u>
 Total prepaid expenses/expenditures	 <u>\$ 30,878</u>

Note 7 - Changes in Capital Assets and Accumulated Depreciation

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

<u>Capital Assets Being Depreciated</u>	<u>Balances 7/1/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances 6/30/2005</u>
Vehicles	\$ 593,488	\$ 67,062	\$ 0	\$ 660,550
Office furniture & equipment	22,305	0	0	22,305
Computer equipment & software	4,438	0	0	4,438
Recreation equipment	1,900	0	0	1,900
Leasehold improvements	16,612	0	0	16,612
Nutrition equipment	5,265	0	0	5,265
Total Capital Assets	644,008	67,062	-	711,070
Less Accumulated Depreciation:				
Vehicles	\$ 316,113	\$ 94,424	\$ 0	\$ 410,537
Office furniture & equipment	16,658	2,209	0	18,867
Computer equipment & software	2,382	685	0	3,067
Recreation equipment	1,900	0	0	1,900
Leasehold improvements	3,773	831	0	4,604
Nutrition equipment	2,970	404	0	3,374
Total Accumulated Depreciation	343,796	98,553	-	442,349
Capital Assets, Net of Depreciation	\$ 300,212	\$ (31,491)	\$ 0	\$ 268,721

Donated assets represent \$16,099 of the \$711,070 year-end total. The Council's management has reviewed the capital assets and does not believe any of them to have been impaired as of year-end. However, due to hurricane Katrina, several assets were totally destroyed on August 28, 2005. See the Subsequent Events footnote that follows later in this section.

Note 7 - Changes in Capital Assets - (Continued)

Depreciation was charged to governmental activities as follows:

Administration	\$ 2,895
Supportive Services:	
Transportation	94,424
Senior Center Operations	830
Nutrition Services:	
Congregate meals	404
Total depreciation expense for governmental activities	<u>\$ 98,553</u>

Note 8 - Fund Balances - Fund Financial Statements

At year-end, one special revenue fund had a remaining fund balance. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to these policies.

The Council has \$3,972 of utility assistance contributions that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B Fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

Note 9 - In-Kind Contributions

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

The Council received the following in-kind contributions during the year for its senior centers and meal sites, which management estimates the aggregate in-kind value to be \$80,300.

- The Covington senior center was furnished by the City of Covington without charge for rent and utilities until August 2004 when the official senior center in Covington was changed to Hadden Hall. The American Legion Post 16 is the landlord for Hadden Hall and permitted the Council to use the building rent free, but the Council had to pay for the utilities, repairs, maintenance, and insurance.
- The Slidell Senior Center is furnished by the City of Slidell for an annual cost of \$1 for rent.
- The Lacombe meal site is furnished by the St. Tammany Parish School Board for an annual cost of \$1 for rent.
- The Mandeville meal site is furnished by the City of Mandeville without charge for rent and utilities.
- The Town of Pearl River furnishes the Pearl River meal site without charge for rent. Further, the Council is only responsible for paying one-half of the utility bills.

Note 9 - In-Kind Contributions - (Continued)

- The Bush meal site is furnished by the Bush Fifth Ward Recreation District for an annual cost of \$1 for rent.
- The Masonic Hall furnished the Folsom meal site without charge for rent.

Note 10 - Subsequent Event

On August 29, 2005 hurricane Katrina hit St. Tammany Parish inflicting severe damage to the Parish and the Council. There is no way for management to know precisely how the hurricane damage will affect the Council's financial position and ability to deliver its usual program services in FY 2006 and future years at this time. However, management believes the Council has sufficient financial and other resources that will enable the Council to adequately recover and resume many of its program services to pre-Katrina levels. Based on the information available to management at this time, here is a summary of the known and expected damages the Council has suffered to its property and operations:

- Eight of the Council's eighteen vehicles were completely destroyed. As a result the Council is not able to provide transportation services in the Parish as it had before the storm. So far the Council has recovered from its insurance company \$116,656 related to the property damage to the vehicles. The destroyed vehicles had an original, aggregate cost of \$287,755 and ranged in age from one to six years old. Their undepreciated book value at June 30, 2005 was \$62,515. Because the federal government had paid for 80% of the original cost of six of these vehicles, the Council will be required to return to the federal government most of the \$116,656 that it recovered from the insurance company, however, an exact amount has yet to be determined. Management expects to replace only four of the eight vehicles in FY 2006 and has discontinued (as of August 29) providing contract transportation services to nursing homes and other entities in the Parish.

Note 10 - Subsequent Event - (continued)

- The Slidell Senior Center and the Lacombe meal site were damaged significantly and they cannot be used for any activities. Management has no idea when these facilities will be operational again. The Council had some personal property in both locations that was completely damaged and is in the process of filing insurance claims to obtain reimbursement. The aggregate cost of the personal property destroyed at Slidell and Lacombe was approximately \$15,000 (net book value of only \$1,193). Management cannot determine at this time how much will be recovered from insurance relating to this property loss.
- Because so much property was completely or significantly destroyed in the Parish, the Parish's Assessor will be adjusting the property tax assessments for 2005 and, as a result, the Council will not be receiving as much property tax revenue in FY 2006. Management does not have enough information at this time to know how much the Council's property tax revenues will decline in FY 2006. However, a local business is donating \$135,000 to the Council to help offset the projected loss in FY 2006 property tax revenues.
- Other FY 2006 revenues will be less than expected because management will not be able to provide the services that generate the revenue, and budget cuts are expected at all levels of government. Management is unable to predict the total revenue loss at this time.
- Extraordinary expenses had to be incurred by the Council during the weeks that followed the hurricane. Management is in the process of accumulating those costs and will file for reimbursement from FEMA. However, there is no assurance all of the extra costs will be recovered.

Note 11 - Deferred Compensation Plan

The Council and its qualified employees participate in the Louisiana Deferred Compensation Plan, which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Great-West Life and Annuity Insurance Company administers the plan. The Plan is available to all Council employees who have worked at least six months. Participation is not mandatory. The plan permits participating employees to defer up to the lesser of (1) 100% of their taxable compensation or (2) \$13,000 (\$16,000 if over 50 years of age) per year. In addition, the Council will

Note 11 - Deferred Compensation Plan - (continued)

"match" any amount a participant defers up to 4% of the participant's salary. All amounts contributed to the plan by the employees and the Council are non-forfeitable thereby making them 100% vested by the employees. During the fiscal year, \$6,640 was contributed to the plan via employee salary deferrals. Matching amounts contributed by the Council were \$5,778. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. The Council does not guarantee the benefits of any amounts contributed to the Great-West Life and Annuity Insurance Company.

Note 12 - On-Behalf Payments For Fringe Benefits

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law requires the Council to bear a pro-rata share of the pension expense relating to the public employees of St. Tammany Parish who participate in the Parochial Employees Retirement System. The Council's pro-rata share of the required contribution was \$22,882 that was withheld by the Sheriff from property tax collections to satisfy the Council's obligation. The amount withheld has been included as an "intergovernmental" expenditure of the General Fund in these financial statements. As described in Note 3, the Council increased its property tax revenues by the same amount of the intergovernmental expenditure. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

Note 13 - Changes in Compensated Absences

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

Balance July 1, 2004	\$10,754
Net increase in vested leave	<u>3,574</u>
Unpaid balance at June 30, 2005	<u>\$14,328</u>

Note 14 - Board of Directors' Compensation

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

Note 15 - Income Tax Status

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

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

Note 16 - Judgments, Claims, and Similar Contingencies

There is no litigation pending against the Council at year-end. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by the Council's insurance or resolved without any material impact upon the Council's financial statements.

Note 17 - 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 collectibility of any related receivable at year-end might 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 significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 18 - Economic Dependency

The Council receives the majority of its revenue from a property tax assessment and through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA) and the Louisiana Department of Transportation and Development (DOTD). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Also, if the property in St. Tammany Parish were to be assessed at lower values due to natural disaster or another unpredictable event, the amount the Council receives annually from the property tax could be affected adversely. Management is not aware of any actions that will significantly affect the amount of funds the Council will receive in fiscal year 2006 relating to its property tax or grants, except that as a result of Hurricane Katrina, the State of Louisiana will be making budget cuts that are likely to affect the amount of grant funds the Council will receive for part of FY 2006 and the St. Tammany Parish Assessor will be adjusting property tax values for the 2005 property tax.

Management is unable to predict how much less the Council will receive from property tax revenues or any grant in FY 2006. However, management believes the Council has sufficient financial resources available to absorb any cuts made by grantor agencies or the Parish's Assessor.

Note 19 - 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; officer and directors' liability; business interruption; 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. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

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

Note 20 - Lease and Rental Commitments

The Council leases its main office at 623 Plaza Drive, Covington, Louisiana. The monthly rent for the lease of this facility was \$2,475 (\$29,700 annually). The lease expired January 31, 2005 but the lessor and the Council agreed to extend the Council's option to lease the premises through January 31, 2007. During the two-year period, the Council has the option to continue the lease for an additional year or discontinue the lease on the anniversary date of each lease year (January 31). Terms of the lease required the Council to make a security deposit of \$1,400 at the inception of the lease, which was March 5, 2001. Other terms of the lease require the Council maintain liability insurance of at least \$300,000 that names the lessor as an additional insured. The Council is also responsible for paying the utilities. However, the lessor is responsible for repairs to the building.

On July 30, 1994, the Council entered into a 20 year lease with the City of Slidell whereby the Council will rent from the City for \$1.00 per year a building referred to as the Slidell Senior Citizens Center at 610 Cousin Street, Slidell, LA. The Council has the right to renew this lease for 10 additional years under the same terms and conditions. Either party may terminate the lease with 120 days written notice. The City will be responsible for any repair requiring labor and material of \$501 or more. The Council is responsible for normal operating costs, including water, telephone, utility, janitorial, and minor repair costs. The City will provide building and liability insurance coverage, whereas the Council must obtain coverage for its personal property. On August 29, 2005 hurricane Katrina damaged this location extensively and the Council will not be able to use it until repairs are made by the City of Slidell. Management is unable to predict when the Council will be able to resume operations at this location.

On December 1, 1993, the Council entered into a one-year lease with the St. Tammany Parish School Board whereby the Council will rent from the School Board for \$1.00 per year a building at 27561 St. Joseph Street in LaCombe, Louisiana. The Council uses this building as a meal site for the elderly. There is a provision in the lease that at the end of each year it will automatically renew itself for another term of one year at the same rental and under the same terms. The renewal provision will continue indefinitely except that either party may cancel the lease upon thirty days notice. The Council is responsible for all repairs and utilities, whereas the School Board will pay for property taxes and insurance. Hurricane Katrina also damaged this location extensively and the Council will not be able to use it until the School Board makes repairs to eliminate the mold damage.

Note 20 - Lease and Rental Commitments - (Continued)

The Council leases from the American Legion Post No. 16 on a month-to-month basis a building, located at 106 S. Jahncke Avenue, Covington, Louisiana, to use as a senior citizens center and meal site facility. The facility is commonly referred to as "Hadden Hall". Terms of the lease do not require the Council to pay any rent, however, the Council is responsible for paying all operational costs, including utilities, repairs, maintenance, and insurance coverage on the building, its contents, and against liability.

On October 17, 2001, the Council entered into a 5-year lease with the A.U. Peterson Lodge #455 F & AM (the Lodge) to rent at no charge a building referred to as the Masonic Hall (the Hall) at 13120 Cleveland Street, Folsom, Louisiana. The Council has the right to renew this lease for 5 additional years under the same terms and conditions. Either party may terminate the lease with 30 days advance written notice. The Council is responsible for making repairs or modifications to the Hall that are needed in order for the Council to serve the senior citizens. The Council must obtain approval from the Lodge to make any repairs or modifications. The Lodge is responsible for paying all utility bills, except that the Lodge can require the Council to pay for any utility costs that exceed the usual amount. Also, the Council can, at its cost, install a telephone system. The Council and Lodge are both responsible for maintaining property and liability insurance coverage relating to their respective uses of the facility. The Council uses the Center as a meal site for elderly residents in the Folsom area.

On September 25, 2001, the Council entered into an agreement with the City of Covington to use a building referred to as the "Covington Community Center" as a satellite senior center facility. The center is located at 1320 North Columbia Street in Covington. The City is not charging the Council any rent, and the City is paying for the utilities and facility maintenance. The Council is responsible for providing one million dollars of liability insurance coverage for its activities, participants, and volunteers. The agreement does not set a specific length of time for the Council to use this facility, but either party is required to provide the other party at least a 90 day written notice of any intention to terminate the agreement. In August 2004, the Council discontinued using this facility and moved the activities conducted at this facility to Hadden Hall.

On September 19, 2000, the Council entered into a 5-year lease with the Bush Fifth Ward Recreation, Inc. (BFWR) whereby the Council will rent from BFWR for \$1.00 per year a building referred to as the Bush Recreation Center at 81605 Highway 41, Bush, Louisiana.

Note 20 - Lease and Rental Commitments - (Continued)

The Council has the right to renew this lease for 5 additional years under the same terms and conditions. Either party may terminate the lease with 30 days written notice. BFWR is responsible for making repairs to the Center once it is notified by the Council. The Council may make modifications to the Center with the written approval by BFWR. BFWR is responsible for all utility bills with the exception of a telephone service that the Council may install. The Council is also billed for the extra cost of a larger trash dumpster, which was obtained to meet the Council's needs. The Council is responsible for maintaining personal property and liability insurance coverage in addition to the coverage obtained by BFWR. The Council uses the Center as a meal site for elderly residents in the Bush area.

Rent expenditures/expenses relating to the Council's use of the aforementioned buildings were \$29,703 for the fiscal year.

Note 21 - Related Party Transactions

There were not any related party transactions during the year.

Note 22 - Interfund Transfers - Fund Financial Statements

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

	<u>Operating Transfers</u>	
	<u>In From</u>	<u>Out To</u>
General Fund:		
Title III B Fund	\$ 0	\$ 472,873
Title III C-1 Fund	0	58,500
Title III C-2 Fund	0	197,304
Nonmajor Funds - Title III E Fund	0	16,506
Total General Fund	<u>\$ 0</u>	<u>\$ 745,183</u>
Title III B Fund:		
General Fund	\$ 472,873	\$ 0
Section 5311 Fund	84,054	0
Total Title III B Fund	<u>\$ 556,927</u>	<u>\$ 0</u>
Title III C-1 Fund:		
General Fund	\$ 58,500	\$ 0
Nonmajor Funds:		
Supplemental Sr. Center Fund	3,825	0
NSIP Fund	70,800	0
Total Title III C-1 Fund	<u>\$ 133,125</u>	<u>\$ 0</u>
Title III C-2 Fund:		
General Fund	\$ 197,304	\$ 0
Nonmajor Funds - Senior Center Fund	19,873	0
Total III C-2 Fund	<u>\$ 217,177</u>	<u>\$ 0</u>
Section 5311 Fund:		
Title III B Fund	\$ 0	\$ 84,054
Total Section 5311 Fund	<u>\$ 0</u>	<u>\$ 84,054</u>
Nonmajor Funds:		
Title III E Fund from the General Fund	\$ 16,506	\$ 0
Senior Center Fund to the Title III C-2 Fund	0	19,873
Supplemental Sr. Center Fund to the Title III C-1 Fund	0	3,825
NSIP Fund to the Title III C-1 Fund	0	70,800
Total for Nonmajor Funds	<u>\$ 16,506</u>	<u>\$ 94,498</u>
Grand Totals	<u>\$ 923,735</u>	<u>\$ 923,735</u>

Transfers are used (a) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) to shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 23 - Interfund Receivables and Payables - Fund Financial Statements

Because the Council receives its grant revenues primarily on a cost reimbursement basis, it has to pay for costs using its General Fund money and then request reimbursement under the various grant programs. As a result, the manner in which cash is spent and received creates short-term interfund loans. A summary of these interfund loans at year-end is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Major Funds:		
Section 5311 Fund	\$ 25,875	\$ 0
Alzheimer's Caregiver Assist. Fund	24,446	0
Nonmajor Funds in the Aggregate	2,157	0
Totals for the General Fund	52,478	0
Special Revenue Funds:		
Major Funds:		
Section 5311:		
General Fund	0	25,875
Alzheimer's Caregiver Assist. Fund:		
General Fund	0	24,446
Nonmajor Funds in the Aggregate	0	2,157
Totals for the Special Revenue Funds	0	52,478
Total	\$ 52,478	\$ 52,478

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

Budgetary Comparison Schedule - General Fund

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana**

For the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Modified</u>	<u>Favorable</u>
			<u>Accrual Basis</u>	<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 39,246	\$ 39,246	\$ 39,246	\$ 0
State Revenue Sharing	30,000	30,000	28,692	(1,308)
Local Governments	25,000	25,000	25,500	500
Property Taxes	651,325	686,624	698,037	11,413
Public Support - restricted	34,000	22,000	17,969	(4,031)
Public Support - unrestricted	15,000	5,000	3,904	(1,096)
Program Service Fees	11,000	6,500	7,171	671
Interest Income	8,000	9,000	13,773	4,773
Special Events & Fundraising	15,000	10,000	10,292	292
Total Revenues	828,571	833,370	844,584	11,214
EXPENDITURES				
Current:				
Personnel	7,883	6,400	1,911	4,489
Fringe	1,340	1,250	579	671
Travel	417	752	53	699
Operating Services	19,711	21,276	12,211	9,065
Operating Supplies	17,844	14,967	5,901	9,066
Other Costs	18,193	11,094	4,504	6,590
Full Service	11,000	7,000	8,673	(1,673)
Capital Outlays	14,000	13,408	13,408	0
Intergovernmental	21,325	22,882	22,882	0
Total Expenditures	111,713	99,029	70,122	28,907
Excess of revenues over expenditures	716,858	734,341	774,462	40,121
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	(717,049)	(731,196)	(745,183)	(13,987)
Total other financing sources and uses	(717,049)	(731,196)	(745,183)	(13,987)
Net increase (decrease) in fund balance	\$ (191)	\$ 3,145	29,279	\$ 26,134
FUND BALANCE				
Beginning of year			694,882	
End of year			\$ 724,161	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Modified</u>	<u>Favorable</u>
			<u>Accrual Basis</u>	<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 151,676	\$ 151,676	\$ 151,676	\$ 0
Program Service Fees	35,000	37,901	35,495	(2,406)
Public Support	5,000	5,500	5,411	(89)
Total Revenues	<u>191,676</u>	<u>195,077</u>	<u>192,582</u>	<u>(2,495)</u>
EXPENDITURES				
Current:				
Personnel	319,286	309,059	317,152	(8,093)
Fringe	54,268	60,388	67,061	(6,673)
Travel	7,333	11,325	4,467	6,858
Operating Services	225,996	226,427	212,077	14,350
Operating Supplies	54,049	70,880	88,230	(17,350)
Other Costs	12,285	13,571	22,928	(9,357)
Full Service	37,574	37,574	37,594	(20)
Total Expenditures	<u>710,791</u>	<u>729,224</u>	<u>749,509</u>	<u>(20,285)</u>
Excess of expenditures over revenues	<u>(519,115)</u>	<u>(534,147)</u>	<u>(556,927)</u>	<u>(22,780)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	519,115	534,147	556,927	22,780
Transfers out	0	0	0	0
Total other financing sources and uses	<u>519,115</u>	<u>534,147</u>	<u>556,927</u>	<u>22,780</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-1 Fund

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Modified</u>	<u>Favorable</u>
			<u>Accrual Basis</u>	<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 85,879	\$ 85,879	\$ 85,879	\$ 0
Public Support - client contributions	20,000	20,000	22,330	2,330
Total Revenues	105,879	105,879	108,209	2,330
EXPENDITURES				
Current:				
Personnel	63,826	62,331	63,275	(944)
Fringe	10,848	12,179	9,362	2,817
Travel	4,242	7,697	6,681	1,016
Operating Services	13,254	14,342	13,108	1,234
Operating Supplies	2,845	3,160	4,777	(1,617)
Other Costs	1,766	1,995	2,763	(768)
Full Service	0	0	0	0
Meals	147,125	145,000	141,368	3,632
Total Expenditures	243,906	246,704	241,334	5,370
Excess of expenditures over revenues	(138,027)	(140,825)	(133,125)	7,700
OTHER FINANCING SOURCES (USES)				
Transfers in	138,027	140,825	133,125	(7,700)
Transfers out	0	0	0	0
Total other financing sources and uses	138,027	140,825	133,125	(7,700)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-2 Fund

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Modified</u>	<u>Favorable</u>
			<u>Accrual</u>	<u>(Unfavorable)</u>
			<u>Basis</u>	
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 124,533	\$ 124,533	\$ 124,533	\$ 0
Public Support - client contributions	20,000	18,000	16,111	(1,889)
Total Revenues	144,533	142,533	140,644	(1,889)
EXPENDITURES				
Current:				
Personnel	119,911	112,231	115,864	(3,633)
Fringe	20,381	21,929	17,542	4,387
Travel	42,498	30,096	40,345	(10,249)
Operating Services	24,001	22,886	21,469	1,417
Operating Supplies	4,740	4,637	6,195	(1,558)
Other Costs	3,932	3,839	4,655	(816)
Full Service	0	0	0	0
Meals	147,125	145,000	151,751	(6,751)
Total Expenditures	362,588	340,618	357,821	(17,203)
Excess of expenditures over revenues	(218,055)	(198,085)	(217,177)	(19,092)
OTHER FINANCING SOURCES (USES)				
Transfers in	218,055	198,085	217,177	19,092
Transfers out	0	0	0	0
Total other financing sources and uses	218,055	198,085	217,177	19,092
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

Budgetary Comparison Schedule - Section 5311 Fund

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Modified</u>	<u>Favorable</u>
			<u>Accrual Basis</u>	<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
St. Tammany Parish Government	\$ 80,000	\$ 80,000	\$ 84,054	\$ 4,054
Total Revenues	<u>80,000</u>	<u>80,000</u>	<u>84,054</u>	<u>4,054</u>
EXPENDITURES				
Current:				
Personnel	0	0	0	0
Fringe	0	0	0	0
Travel	0	0	0	0
Operating Services	0	0	0	0
Operating Supplies	0	0	0	0
Other Costs	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over expenditures	<u>80,000</u>	<u>80,000</u>	<u>84,054</u>	<u>4,054</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	(80,000)	(80,000)	(84,054)	(4,054)
Total other financing sources and uses	<u>(80,000)</u>	<u>(80,000)</u>	<u>(84,054)</u>	<u>(4,054)</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			0	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Alzheimer's Caregiver Assistance Fund

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana
For the year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Modified</u> <u>Accrual</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 79,553	\$ 79,553	\$ 75,824	\$ (3,729)
Total Revenues	<u>79,553</u>	<u>79,553</u>	<u>75,824</u>	<u>(3,729)</u>
EXPENDITURES				
Current:				
Personnel	25,382	24,366	22,787	1,579
Fringe	4,233	4,761	3,383	1,378
Travel	713	1,774	1,449	325
Operating Services	3,066	3,218	2,915	303
Operating Supplies	541	556	1,352	(796)
Other Costs	618	694	707	(13)
Full Service	0	0	0	0
Caregiver Vouchers	45,000	45,000	43,231	1,769
Total Expenditures	<u>79,553</u>	<u>80,369</u>	<u>75,824</u>	<u>4,545</u>
Excess of expenditures over revenues	<u>0</u>	<u>(816)</u>	<u>0</u>	<u>816</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	0	816	0	(816)
Transfers out	0	0	0	0
Total other financing sources and uses	<u>0</u>	<u>816</u>	<u>0</u>	<u>(816)</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ST. TAMMANY COUNCIL ON THE AGING, INC. COVINGTON, LOUISIANA

FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - BUDGETARY REPORTING

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

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

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for its programs.
- Management projects property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- The revenue information supplied by GOEA and the Parish Assessor are considered by management along with revenue projections of grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information has been obtained to project revenues and expenditures, the Council's executive director prepares a proposed budget based on the projections. The proposed budget is reviewed and approved by the Council's Finance Committee before it is submitted to the Board of Directors for approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting held before May 31 of the current fiscal year.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- The adopted budget is forwarded to GOEA for compliance approval.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, management will automatically re-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.
- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. Budget amendments are sent to GOEA and approved by that agency. During the fiscal year, management amended its budget twice. The Council's Board of Directors approved the final budget amendment at a regularly scheduled meeting on May 19, 2005, using a procedure similar to the one used to approve the original budget. The budget amendment was sent to GOEA for compliance approval and was subsequently approved.
- 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 in its budget as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs (GOEA) for funds received under grants from this agency. As part of its grant compliance, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%.
- 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 activities may not be budgeted, particularly if they are deemed to be immaterial by management.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

NOTE 2 - GENERAL FUND'S BUDGETED OPERATING DEFICIT:

The budgeted operating deficit of \$191 in the original General Fund for fiscal year 2005 is not due to any particular reason. The original budget amounts are management's best estimate based on available data at the time the original budget is prepared and, based on history, management expected to amend the budget later in the year and would eliminate the small budget deficit in the amended budget as updated information became available. Despite the \$191 operating deficit on the original budget, the Council had ample fund balance available to absorb the small amount. Accordingly, to budget an operating deficit for this purpose did not violate any law or Council policy.

**SUPPLEMENTARY INFORMATION REQUESTED BY
THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**

*St. Tammany Council on the Aging, Inc.
Covington, Louisiana
For the year ended June 30, 2005*

	Title III C-1 AAA	Title III D	Title III E	Senior Center	NSIP	FTA	Supple. Senior Center	Audit	Utility Assistance	Totals
REVENUES										
Intergovernmental:										
Governor's Office of Elderly Affairs	\$ 42,309	\$ 4,789	\$ 55,201	\$ 95,137	\$ 70,800	\$ 0	\$ 3,825	\$ 3,436	\$ 0	\$ 275,497
LA Dept. of Transportation & Development	0	0	0	0	0	53,654	0	0	0	53,654
Public Support (Restricted):										
Various utility companies	0	0	0	0	0	0	0	0	6,806	6,806
General public donations	0	0	0	10	0	0	0	0	0	10
Total revenues	<u>42,309</u>	<u>4,789</u>	<u>55,201</u>	<u>95,147</u>	<u>70,800</u>	<u>53,654</u>	<u>3,825</u>	<u>3,436</u>	<u>6,806</u>	<u>335,967</u>
EXPENDITURES										
Health, Welfare, & Social Services:										
Current:										
Personnel	17,533	3,250	14,609	51,948	0	0	0	0	0	87,340
Fringe	3,426	512	3,539	6,331	0	0	0	0	0	13,808
Travel	2,060	103	392	4,107	0	0	0	0	0	6,662
Operating Services	13,892	423	1,903	8,363	0	0	0	0	0	24,581
Operating Supplies	2,402	397	621	2,893	0	0	0	0	0	6,313
Other Costs	2,996	104	466	1,632	0	0	0	3,436	0	8,634
Full Service	0	0	50,177	0	0	0	0	0	0	50,177
Meals	0	0	0	0	0	0	0	0	0	0
Utility Assistance	0	0	0	0	0	0	0	0	8,457	8,457
Caregiver Vouchers	0	0	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	53,654	0	0	0	53,654
Total expenditures	<u>42,309</u>	<u>4,789</u>	<u>71,707</u>	<u>75,274</u>	<u>0</u>	<u>53,654</u>	<u>0</u>	<u>3,436</u>	<u>8,457</u>	<u>259,626</u>
Excess of revenues over (under) expenditures	0	0	(16,506)	19,873	70,800	0	3,825	0	(1,651)	76,341
OTHER FINANCING SOURCES (USES)										
Operating transfers in	0	0	16,506	0	0	0	0	0	0	16,506
Operating transfers out	0	0	0	(19,873)	(70,800)	0	(3,825)	0	0	(94,498)
Net increase (decrease) in fund balance	0	0	0	0	0	0	0	0	(1,651)	(1,651)
FUND BALANCE (DEFICIT)										
Beginning of year	0	0	0	0	0	0	0	0	5,623	5,623
End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,972</u>	<u>\$ 3,972</u>

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS
AND CHANGES IN CAPITAL ASSETS**

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana
For the year ended June 30, 2005**

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
<u>Capital Assets</u>				
Vehicles	\$ 593,488	\$ 67,062	\$ 0	\$ 660,550
Office furniture & equipment	22,305	0	0	22,305
Computer equipment	4,438	0	0	4,438
Recreation equipment	1,900	0	0	1,900
Leasehold improvements	16,612	0	0	16,612
Nutrition equipment	5,265	0	0	5,265
Total capital assets	<u>\$ 644,008</u>	<u>\$ 67,062</u>	<u>\$ 0</u>	<u>\$ 711,070</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
FTA *	\$ 316,612	\$ 53,654	\$ 0	\$ 370,266
Local Funds:				
Van Fundraisers	44,029	0	0	44,029
General Fund *	254,820	13,408	0	268,228
Covington - Hadden Hall	1,125	0	0	1,125
Slidell Senior Center Building Fund	11,323	0	0	11,323
In-kind Donations	16,099	0	0	16,099
Total investment in capital assets	<u>\$ 644,008</u>	<u>\$ 67,062</u>	<u>\$ 0</u>	<u>\$ 711,070</u>

* Note that an adjustment was made to the beginning totals for FTA and General Fund.
A clerical error was noted in compiling the information for this schedule that cause the FTA amount to be increased by \$26,649 and the General Fund amount to be decreased by the same amount.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY OMB CIRCULAR A-133

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**ST. Tammany Council on the Aging, Inc.
Covington, Louisiana
For the year ended June 30, 2005**

FEDERAL GRANTOR/PASS-THROUGH GRANTORS/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANT YEAR ENDED	PROGRAM OR AWARD AMOUNT	FEDERAL REVENUE RECOGNIZED	FEDERAL EXPENDITURES
<u>U.S. Department of Health and Human Services - Administration on Aging</u>					
Passed through the Governor's Office of Elderly Affairs:					
Aging Cluster of Special Programs for the Aging:					
Title III, Part B - Grant for Supportive Services and Senior Centers	93.044	6/30/2005	\$ 92,556	\$ 92,556	\$ 92,556
Subtotal CFDA #93.044			92,556	92,556	92,556
Title III, Part C - Nutrition Services:	93.045	6/30/2005			
Area Agency Administration Component			31,732	31,732	31,732
Part C-1 - Congregate Meals Component			85,879	85,879	85,879
Part C-2 - Home Delivered Meals Component			59,032	59,032	59,032
Subtotal CFDA #93.045			176,643	176,643	176,643
Nutrition Services Incentive Program	93.053	6/30/2005	70,800	70,800	70,800
Total Aging Cluster (CFDAs 93.044, 93.045 & 93.053)			339,999	339,999	339,999
Other Special Programs for the Aging:					
Alzheimer's Disease Demonstration Grants to States	93.051	6/30/2005	79,533	75,824	75,824
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	6/30/2005	6,723	4,789	4,789
Title III, Part E - National Family Caregivers Support Program	93.052	6/30/2005	41,401	41,401	41,401
Totals for U.S. Department of Health and Human Services - Administration on Aging			467,656	462,013	462,013
<u>U.S. Department of Transportation, Federal Transit Administration</u>					
Passed through the Louisiana Department of Transportation and Development:					
Public Transportation Discretionary Capital Assistance for the Urbanized and/or Nonurbanized Area:					
(State project # 736-99-1274) (Federal project # LA-03-0107)	20.500	N/A	53,630	53,630	53,630
Passed through the Louisiana Department of Transportation and Development:					
Passed through the St. Tammany Parish Government:					
Formula Grants for Other Than Urbanized Areas (Section 5311):					
(State project # 741-52-0002) (Federal project # LA-18-X020)	20.509	6/30/2005	84,054	84,054	84,054
Totals for U.S. Department of Transportation, Federal Transit Administration			137,684	137,684	137,684
Total federal grants			\$ 605,340	\$ 599,697	\$ 599,697

The accompanying notes are an integral part of this schedule.

Note A - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the St. Tammany Council on the 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

Note B - The St. Tammany Council on the Aging, Inc. did not pass-through any of its federal awards to a subrecipient during the year.

Note C - No federal awards were expended in the form of non-cash assistance during the fiscal year.

NEIL G. FERRARI

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
St. Tammany Council on the Aging, Inc.
Covington, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Tammany Council on the Aging, Covington, Louisiana, (the Council) as of and for the year ended June 30, 2005, which collectively comprise the Council's basic financial statements and have issued my report thereon dated November 3, 2005. I conducted *my audit in accordance with auditing standards generally accepted in the United States of America* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Council's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Council's finance committee, board of directors, management, federal awarding and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Baton Rouge, Louisiana,
November 3, 2005.



Neil G. Ferrari, CPA

NEIL G. FERRARI

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors,
St. Tammany Council on the Aging, Inc.
Covington, Louisiana

Compliance

I have audited the compliance of St. Tammany Council on the Aging, Inc., Covington, Louisiana, (the Council) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. My responsibility is to express an opinion on the Council's compliance based on my audit.

I conducted my 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Council's compliance with those requirements.

In my opinion, St. Tammany Council on the Aging, Inc., Covington, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of St. Tammany Council on the Aging, Covington, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Council's finance committee, board of directors, management, federal awarding and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Baton Rouge, Louisiana,
November 3, 2005.



Neil G. Ferrari, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

St. Tammany Council on the Aging, Inc.
Covington, Louisiana

For the year ended June 30, 2005

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the St. Tammany Council on the Aging, Inc.
2. *No reportable conditions were disclosed during the audit of the financial statements.*
3. No instances of noncompliance material to the financial statements of St. Tammany Council on the Aging, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for St. Tammany Council on the Aging, Inc. expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs are as follows:

U.S. Department of Health and Human Services - Administration on Aging
Aging Cluster for Special Programs for the Aging
 - Title III, Part B - Grants for Supportive Services and Senior Centers; CFDA # 93.044
 - Title III, Part C - Nutrition Services; CFDA # 93.045, and
 - Nutrition Services Incentive Program; CFDA # 93.053
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. St. Tammany Council on the Aging, Inc. was determined to be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)

B. FINANCIAL STATEMENT FINDINGS

There is nothing to report in this section.

C. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

There is nothing to report in this section.

D. MANAGEMENT LETTER

The auditor did not issue a management letter this year, but he did orally report some findings to the board of directors and he also offered some recommendations.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana**

For the Year June 30, 2005

Financial Statement Findings

There were no findings reported for this section in last year's audit report.

Major Federal Award Program Findings and Questioned Costs

There were no findings reported for this section in last year's audit report.

Management Letter

There was no management letter issued last year by the auditor.

MANAGEMENT'S CORRECTIVE ACTION PLAN

**St. Tammany Council on the Aging, Inc.
Covington, Louisiana**

June 30, 2005

To the following oversight agencies for audit:

Federal: U.S. Department of Health and Human Services - Administration on Aging.

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

St. Tammany Council on the Aging, Inc., Covington, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2005.

Name and address of independent public accounting firm: Neil G. Ferrari, CPA, 14481 Old Hammond Highway, Suite 4, Baton Rouge, Louisiana, 70816.

Audit period: For the year ended June 30, 2005.

Financial Statement Findings

There were no material findings reported by the auditor as financial statement findings.

Major Federal Awards Program Findings and Questioned Costs

There were no material findings or questioned costs reported by the auditor relating to major federal award programs.

Management Letter

The auditor did not issue a management letter this year, however, he did orally report to management some findings involving the Council's internal control and compliance. He also offered recommendations to correct them as well as other recommendations to improve the Council's operations.

If there are any questions regarding this corrective action plan, please call Mary Toti, the Council's Executive Director, at (985) 892-0377.