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**Financial Report**

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

**June 30, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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.

Release Date DEC 08 1999

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

June 30, 1999

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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 general purpose financial statements of the St. Tammany Council on the Aging, Inc., Covington, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Council on the Aging, Inc., Covington, Louisiana, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 28, 1999, on my consideration of the St. Tammany Council on the Aging, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the St. Tammany Council on the Aging, Inc., Covington, Louisiana, taken as a whole. The accompanying Schedules 1 through 5, listed as supplementary financial information in the table of contents, are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs and are not a required part of the general purpose financial statements. 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, and is also not a required part of the general purpose financial statements. The information in Schedules 1 through 6 has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole. The disclosure about the Year 2000 issue in Schedule 7 of the supplementary information is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information in Schedule 7. However, I did not audit the information and express no opinion on it. In addition, I do not provide assurance that the St. Tammany Council on the Aging, Inc. is or will become year 2000 compliant, that the St. Tammany Council on the Aging, Inc.'s year 2000 remediation efforts will be successful in whole or in part, or that parties with which St. Tammany Council on the Aging, Inc. does business are or will become year 2000 compliant.

*Neil G. Ferrari, CPA*

Baton Rouge, Louisiana,  
September 28, 1999.

# NEIL G. FERRARI

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING 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 general purpose financial statements of the St. Tammany Council on the Aging, Inc., Covington, Louisiana, as of and for the year ended June 30, 1999, and have issued my report thereon dated September 28, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Compliance

As part of obtaining reasonable assurance about whether the St. Tammany Council on the Aging, Inc.'s general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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*.

## Internal Control Over Financial Reporting

In planning and performing my audit, I considered the St. Tammany Council on the Aging, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a matter

involving internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect St. Tammany Council on the Aging, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-1.

A material weakness is a 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 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider reportable condition 99-1 referred to above to be a material weakness.

This report is intended for the information and use of the Council's board of directors, management, federal awarding agencies 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.

*Neil B. Fenari, CPA*

Baton Rouge, Louisiana,  
September 28, 1999.

# NEIL G. FERRARI

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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON 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 the St. Tammany Council on the Aging, Inc., Covington, Louisiana 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, 1999. The St. Tammany Council on the Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the St. Tammany Council on the Aging, Inc.'s management. My responsibility is to express an opinion on the St. Tammany Council on the Aging, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; 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 St. Tammany Council on the Aging, Inc.'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 of the St. Tammany Council on the Aging, Inc.'s compliance with those requirements.



In my opinion, the St. Tammany Council on the Aging, Inc. 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, 1999.

#### Internal Control Over Compliance

The management of the St. Tammany Council on the Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the St. Tammany Council on the Aging, Inc.'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 internal control over compliance in accordance with OMB Circular A-133.

I noted a matter involving the internal control over compliance and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the St. Tammany Council on the Aging, Inc.'s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-1.

A material weakness is a 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 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. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider reportable condition 99-1 referred to above to be a material weakness.

This report is intended for the information and use of the Council's board of directors, management, federal awarding agencies 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,  
September 28, 1999.

*Neil G. Ferrari, CPA*

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

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**

June 30, 1999

With Comparative Totals for the Year Ended June 30, 1998

	Governmental Fund Types		Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	General Fixed Assets	General Long-Term Debt	1999	1998
<b>ASSETS AND OTHER DEBITS</b>						
<b>Assets:</b>						
Cash	\$ 26,143	\$ 37,392	\$ 0	\$ 0	\$ 63,535	\$ 28,839
Investments, at cost	241	39,307	0	0	39,548	88,403
Government grants & contracts receivable	0	9,701	0	0	9,701	6,124
Accounts receivable	0	825	0	0	825	2,210
Miscellaneous receivables	0	2,353	0	0	2,353	102
Prepaid Insurance	5,147	0	0	0	5,147	0
<b>Restricted assets:</b>						
Cash	100	2,304	0	0	2,404	1,491
Investments, at cost	32,676	0	0	0	32,676	41,042
Vehicle purchase deposit	0	0	0	0	0	9,580
Fixed assets	0	0	400,351	0	400,351	324,511
<b>Other debits:</b>						
Amount to be provided	0	0	0	11,854	11,854	5,587
<b>Total assets and other debits</b>	<b>\$ 64,307</b>	<b>\$ 91,882</b>	<b>\$ 400,351</b>	<b>\$ 11,854</b>	<b>\$ 568,394</b>	<b>\$ 507,889</b>
<b>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 135	\$ 22,960	\$ 0	\$ 0	\$ 23,095	\$ 5,237
Accrued salaries and wages	0	23,118	0	0	23,118	20,916
Accrued (overpaid) payroll taxes	(19)	1,879	0	0	1,860	1,600
Accrued travel	0	1,916	0	0	1,916	2,024
State income tax withholding	639	0	0	0	639	376
Other payroll withholdings & expenses	48	398	0	0	446	0
Long-term debt	0	0	0	4,570	4,570	0
Accumulated unpaid vacation	0	0	0	7,284	7,284	5,587
<b>Total liabilities</b>	<b>803</b>	<b>50,271</b>	<b>0</b>	<b>11,854</b>	<b>62,928</b>	<b>35,740</b>
<b>Fund Equity and Other Credits:</b>						
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Utility assistance	0	2,304	0	0	2,304	1,491
Vehicle acquisition	15,122	0	0	0	15,122	9,580
Building acquisition	17,654	0	0	0	17,654	22,832
Prepaid Insurance	5,147	0	0	0	5,147	0
Unreserved - undesignated	25,581	39,307	0	0	64,888	113,935
Investment in general fixed assets	0	0	400,351	0	400,351	324,511
<b>Total fund equity and other credits</b>	<b>63,504</b>	<b>41,611</b>	<b>400,351</b>	<b>0</b>	<b>505,466</b>	<b>472,149</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 64,307</b>	<b>\$ 91,882</b>	<b>\$ 400,351</b>	<b>\$ 11,854</b>	<b>\$ 568,394</b>	<b>\$ 507,889</b>

The accompanying notes are an integral part of this statement.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES**

For the year ended June 30, 1999  
With Comparative Totals for the Year Ended June 30, 1998

	General	Special Revenue	Totals (Memorandum Only)	
			1999	1998
<b>REVENUES</b>				
Intergovernmental	\$ 31,649	\$ 600,782	\$ 632,431	\$ 603,719
Public Support	8,291	25,007	33,298	33,370
Fundraisers	9,541	5,050	14,591	8,843
Interest Income	5,563	0	5,563	6,781
Program Service Fees	1,252	0	1,252	3,113
Miscellaneous	125	0	125	600
<b>Total revenues</b>	<b>56,421</b>	<b>630,839</b>	<b>687,260</b>	<b>658,426</b>
<b>EXPENDITURES</b>				
Current:				
Salaries & Wages	55	264,692	264,747	233,219
Fringe	0	25,871	25,871	18,635
Travel	0	21,239	21,239	23,773
Operating Services	8,220	105,505	113,725	117,535
Operating Supplies	2,302	28,770	31,072	17,949
Other Costs	874	12,005	12,879	17,371
Meals	75	139,594	139,669	143,282
Full Service Contracts	4,440	35,060	39,500	47,003
Capital Outlay	33,824	49,116	82,940	50,540
Utility Assistance		3,917	3,917	4,466
Debt Service:				
Interest Expense	327	0	327	194
Principal Payments	1,572	0	1,572	1,539
<b>Total expenditures</b>	<b>51,689</b>	<b>685,769</b>	<b>737,458</b>	<b>675,506</b>
<b>Excess of revenues over (under) expenditures</b>	<b>4,732</b>	<b>(54,930)</b>	<b>(50,198)</b>	<b>(19,080)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	0	139,686	139,686	140,739
Operating transfers out	(49,814)	(89,872)	(139,686)	(140,739)
Proceeds from sale of vans	1,533	0	1,533	0
Proceeds from bank loan	6,142	0	6,142	0
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(37,407)</b>	<b>(5,116)</b>	<b>(42,523)</b>	<b>(19,080)</b>
<b>FUND BALANCES</b>				
Beginning of year	100,911	46,727	147,638	166,718
End of year	\$ 63,504	\$ 41,611	\$ 105,115	\$ 147,638

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

For the year ended June 30, 1999

	Budget	Actual	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
Intergovernmental	\$ 31,649	\$ 31,649	\$ 0
Public Support	6,270	8,291	2,021
Fundraisers	8,850	9,541	691
Interest Income	3,850	5,563	1,713
Program Service Fees	1,506	1,252	(254)
Miscellaneous	100	125	25
	52,225	56,421	4,196
<b>EXPENDITURES</b>			
Current:			
Salaries & Wages	0	55	(55)
Fringe	0	0	0
Travel	0	0	0
Operating Services	8,800	8,220	580
Operating Supplies	2,225	2,302	(77)
Other Costs	700	874	(174)
Meals	0	75	(75)
Full Service Contracts	4,500	4,440	60
Capital Outlay	32,255	33,824	(1,569)
Debt Service:			
Interest Expense	0	327	(327)
Principal Payments	0	1,572	(1,572)
	48,480	51,689	(3,209)
Excess of revenues over (under) expenditures	3,745	4,732	987
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	0	0	0
Operating transfers out	(31,649)	(49,814)	(18,165)
Proceeds from sale of vans	1,500	1,533	33
Proceeds from bank loan	0	6,142	6,142
	(26,404)	(37,407)	\$ (11,003)
<b>FUND BALANCE</b>			
Beginning of year	100,911	100,911	
End of year	\$ 74,507	\$ 63,504	

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - SPECIAL REVENUE FUND TYPE**

For the year ended June 30, 1999

	Budget	Actual	Variance- Favorable (Unfavorable)
<b>REVENUES</b>			
Intergovernmental	\$ 610,920	\$ 600,782	\$ (10,138)
Public Support	27,780	25,007	(2,773)
Program Service Fees	0	5,050	5,050
<b>Total revenues</b>	<b>638,700</b>	<b>630,839</b>	<b>(7,861)</b>
<b>EXPENDITURES</b>			
Current:			
Salaries & Wages	258,721	264,692	(5,971)
Fringe	25,489	25,871	(382)
Travel	21,154	21,239	(85)
Operating Services	111,917	105,505	6,412
Operating Supplies	26,155	28,770	(2,615)
Other Costs	9,435	12,005	(2,570)
Meals	128,026	139,594	(11,568)
Full Service Contracts	34,644	35,060	(416)
Capital Outlay	50,528	49,116	1,412
Utility Assistance	4,280	3,917	363
<b>Total expenditures</b>	<b>670,349</b>	<b>685,769</b>	<b>(15,420)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(31,649)</b>	<b>(54,930)</b>	<b>(23,281)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	133,812	139,686	5,874
Operating transfers out	(102,163)	(89,872)	12,291
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>0</b>	<b>(5,116)</b>	<b>\$ (5,116)</b>
<b>FUND BALANCE</b>			
Beginning of year	46,727	46,727	
End of year	<b>\$ 46,727</b>	<b>\$ 41,611</b>	

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

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

June 30, 1999

Note 1 - Summary of Significant Accounting Policies

a. Reporting Entity:

In 1964, the State of Louisiana passed Act 456 which authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. Charters are issued by the Louisiana Secretary of State upon approval by the Governor's Office of Elderly Affairs. The St. Tammany Council on the Aging, Inc. is a non-profit, quasi-public corporation which must comply with the policies and regulations established by the Louisiana Governor's Office of Elderly Affairs and the State of Louisiana.

The primary function of the St. Tammany Council on the Aging, Inc. is to improve the quality of life for the parish's elderly and to provide services to the elderly as well as coordinate and monitor the services of other local agencies serving the aging people of the parish. Such services include providing meals, nutritional education, information and assistance services, legal assistance, homemaker services, operating senior centers, and transportation. A Board of Directors, consisting of 15 voluntary members who serve three-year terms, governs the Council.

The St. Tammany Council on the Aging, Inc. is not a component unit of another primary government nor does it have any component units which are related to it. The Council has presented its financial statements as a separate special-purpose government.

Note 1 - Summary of Significant Accounting Policies - (continued)

b. Presentation of Statements:

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a Codification of Governmental Accounting and Financial Reporting Standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments.

The accompanying financial statements conform to generally accepted accounting principles for state and local governments. These statements have also incorporated any applicable requirements set forth by Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; Subsection VIII - Annual Financial Reporting, accounting manual for the Governor's Office of Elderly Affairs Contractors; and, the Louisiana Governmental Audit Guide.

c. Fund Accounting:

The Council uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities.

The accounts of the Council are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures, or expenses, as appropriate. 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



Note 1 - Summary of Significant Accounting Policies - (continued)

c. Fund Accounting: - (continued)

funds are grouped in these financial statements into two generic fund types and two broad fund categories (account groups).

Governmental funds are used to account for all or most of the Council's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of fixed assets, and the servicing of general long-term debt.

The governmental funds and the programs comprising them as presented in the financial statements are described as follows:

◆ General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. These funds are accounted for and reported according to the source (federal, state or local) from which they are derived.

The following programs comprise the Council's General Fund:

Local

Revenues, such as, (1) donations from the general public, (2) program service revenue from renting Medic Alert units, and (3) interest income earned on idle funds which have been invested, have been recorded in the local program of the General Fund. Expenses incurred which are not chargeable to specific programs because of budget limitations, or because of their nature, are recorded as local program expenditures. Also, expenses incurred to rent the Medic Alert units are charged as local program expenditures.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Fund Accounting: - (continued)

◆ General Fund - (continued)

Local - (continued)

Local funds are transferred to other programs in cases where costs exceed revenues. Capital outlay expenditures are usually paid for with local funds.

Senior Center Activities

The Council operates senior centers in Slidell, Lacombe, Covington, Mandeville, and Pearl River. The participants at each of these centers solicit public support through activities to help offset the cost of operating these centers as well as to raise funds for activities that are not paid for through the primary grant for senior centers from the Governor's Office of Elderly Affairs. The types of activities used to raise these funds consist of craft sales, raffles, dances, and refreshment sales. There is no restriction on how the net proceeds of these activities are used. In addition, the participants at the Slidell senior center have solicited from the public and conducted activities to raise money for the purpose of building, furnishing, and providing some operating funds for their senior center facility. The net proceeds from this activity have been presented as a restricted asset on the Council's balance sheet with a corresponding reservation of the fund balance. The revenues and related expenses for each center are maintained in separate accounts within the Council's general ledger.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Fund Accounting: - (continued)

◆ General Fund - (continued)

Medicaid Enrollment and Case Management

This is a program where the Council completes enrollment applications for people wanting to apply for Medicaid services. The Council is paid \$14 per application it completes by the Department of Health and Hospitals(DHH). Any funds remaining after applying direct costs to operate this program are available for discretionary use by management.

The Council also acts as a coordinator of services for people who are home-bound and in need of services similar to those provided in a nursing home. Rather than have the person sent to a nursing home, the Council coordinates necessary services and is paid a fee by Medicaid for performing the case management function.

During the fiscal year the Council quit providing these services.

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. The Council may use these "Act 735" funds at its discretion provided the program is benefitting people who are at least 60 years old. In fiscal year 1999, the Council transferred the PCOA funds to other programs to help provide additional funds to meet program costs.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Fund Accounting: - (continued)

◆ General Fund - (continued)

Van

The Van program is used to primarily account for the money which is generated through fund raising programs. The donors have given this money to the Council based on the premise that it will be used to purchase new vehicles. The Council did not sponsor any major fund raising event this year.

◆ Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes. Most of the Council's special revenue funds are provided by GOEA. The Title III funds are provided by the United States Department of Health and Human Services - Administration on Aging through the Governor's Office of Elderly Affairs which in turn "passes through" the funds to the Council.

The following programs comprise the Council's Special Revenue Funds:

Title III B - Ombudsman Fund

The Title III B Ombudsman Fund is used to account for funds used to provide long-term care residents age 60 and older residing in long-term care facilities a representative to ensure that such residents' rights are upheld, to resolve complaints by residents with the management of the long-term care facility, and to promote quality care at the facility.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Fund Accounting: - (continued)

◆ Special Revenue Funds - (continued)

Title III B Supportive Services Fund

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

Title III C Area Agency Administration (AAA) Fund

The Title III C Area Agency Administration Fund (AAA) is used to account for some of the administrative costs of operating the Special Programs for the Aging. These funds are used to help pay for some of the administrative costs associated with operating the Title III and Senior Center programs.

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds which are used to provide nutritional, congregate meals to the elderly at centers located in Slidell, Mandeville, and Pearl River. During the year the Council served 37,647 meals to people eligible to participate in this program.

Title III C-2 Fund

Title III C-2 Fund is used to account for funds which are used to provide nutritional meals to home-bound older persons. During the year the Council served 29,555 meals to people eligible to participate in this program.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Fund Accounting: - (continued)

◆ Special Revenue Funds - (continued)

Title III D Fund

The Title III D Fund is used to account for funds which are used to provide in-home services to the frail and elderly person who is home-bound, including in-home supportive services for older individuals who are victims of Alzheimer's disease and related disorders with neurological and organic brain dysfunction, and to the families of such victims.

Title III F Fund

The Title III-F Fund is used to account for funds used for disease prevention and health promotion activities. The law directs the state agency administering this program to "give priority to areas of the state which are medically under served and in which there are a large number of older individuals who have the greatest economic and social need."

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program provides the primary funding for a community service center in Slidell, Louisiana, at which older persons receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. Some of this year's Senior Center funds were transferred to the Title III B fund to help pay for the costs of providing supportive services to people who use the senior center.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Fund Accounting: - (continued)

◆ Special Revenue Funds - (continued)

U.S.D.A. Fund

The U.S.D.A. Fund is used to account for the administration of Nutrition Program for the Elderly funds provided by the United States Department of Agriculture through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program reimburses the service provider about 56 cents for each congregate and home-delivered meal served to an eligible participant so that United States food and commodities may be purchased to supplement these programs.

Audit Fund

The Audit Fund is used to account 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.

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 state grant for senior centers. St. Tammany Council on the Aging, Inc. was one of the parish councils to receive a supplemental grant of \$4,500. The Governor's Office of Elderly Affairs provided these funds to the Council. The Council used these funds to supplement Title III B Supportive Services programs this year.

Note 1 - Summary of Significant Accounting Policies - (continued)

c. Fund Accounting: - (continued)

◆ Special Revenue Funds - (continued)

Utility Assistance Fund

The Utility Assistance Fund is used to account for the administration of programs that are sponsored by local utility companies. The purpose of this program is to help the needy, elderly people of the parish pay utility bills. Louisiana Power and Light (LP&L), Louisiana Gas Services, and CLECO collect contributions from service customers and send the donations to the Louisiana Association of Councils on Aging (LACOA) which in turn remits funds relating to St. Tammany Parish to the Council. Washington St. Tammany Electric (WST) will remit donations it collects directly to the Council.

FTA Fund

The FTA Fund is used to account for the acquisition of vehicles purchased in part with federal funds under the elderly and disabled persons transportation capital assistance program. The Louisiana Department of Transportation and Development (DOTD) coordinates the receipt and disbursement of the FTA funds and the required matching funds from the Council. The Council acquired two vans under this program during the fiscal year.



Note 1 - Summary of Significant Accounting Policies - (continued)

d. Account Groups:

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The following two account groups are not "funds".

General Fixed Assets

The fixed assets used in governmental fund type operations of St. Tammany Council on the Aging, Inc. are accounted for (capitalized) in the General Fixed Assets Account Group and are recorded as capital outlay expenditures in the government fund types when purchased.

General Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group shows only the measurement of financial position and is not involved with measurement of results of operations.

e. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds, including the General and Special Revenue Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets.

Note 1 - Summary of Significant Accounting Policies - (continued)

e. Basis of Accounting: - (continued)

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgements and compensated absences are recorded as expenditures when paid with expendable available financial resources.

f. Transfers and Interfund Loans:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

g. Budget Policy:

The Council follows these procedures in establishing the budgetary data which has been presented in Exhibits C and D of these financial statements.

- ◆ The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for each program's grant award.
- ◆ The Council may also obtain grants from agencies other than GOEA and the Council's management considers the potential revenues to be earned under those grants.
- ◆ Projections are made of public support, program service fees, and other revenues based on past trends and data available to form expectations of future revenues.

Note 1 - Summary of Significant Accounting Policies - (continued)

g. Budget Policy: - (continued)

- ◆ The Council's executive director prepares a proposed budget based on the funding levels provided by GOEA and other agencies, as well as the expected amounts of other revenues, and then submits the budget to the Board of Directors for approval.
- ◆ The Board of Directors reviews and adopts the budget before May 31 of the current year for the next year.
- ◆ The adopted budget is forwarded to the Governor's Office of Elderly Affairs (GOEA) for final approval.
- ◆ Most budgetary appropriations, particularly those involving funds received from GOEA, lapse at the end of each fiscal year (June 30). Occasionally, the Council will receive a special project grant which may operate on a period different from the Council's normal fiscal year, and therefore, have a specified date where the budgetary appropriations will lapse.
- ◆ The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- ◆ Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. There was one amendment during the fiscal year which was effective May 20, 1999. The budget amendment was approved by the Council's board of directors and GOEA using a similar procedure as the approval of the original budget.
- ◆ Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

Note 1 - Summary of Significant Accounting Policies - (continued)

g. Budget Policy: - (continued)

- ◆ The Council may transfer funds between line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%. Otherwise, the excess costs could be labeled as unauthorized expenditures.
  
- ◆ The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

h. Cash:

Cash is reported at carrying amount which equals its fair value.

i. Fixed Assets:

Assets which cost at least \$250 and which have an estimated useful life of greater than 1 year are capitalized as fixed assets. All fixed assets are stated at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. No depreciation has been provided on general fixed assets.

Note 1 - Summary of Significant Accounting Policies - (continued)

j. Comparative Data:

Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Council's financial position and operations. However, presentation of comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total columns on the combined statements - overview are captioned "memorandum only" to indicate that they are presented only to help with financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

k. Compensated Absences:

For governmental fund types, the Council's liability for accumulated unpaid vacation has been recorded in the general long-term debt group of accounts. The liability has been determined using the number of vested vacation hours for each employee multiplied by each employee's current wage rate as of June 30, 1999. An amount is added to this total for social security and medicare taxes. Accrued vacation benefits will be paid from future years' resources and will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees. The Council's sick leave policy does not provide for the vesting of sick leave where payment would have to be made to a terminated employee for any unused portion.

l. Related Party Transactions:

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

Note 1 - Summary of Significant Accounting Policies - (continued)

m. Restricted Assets:

Restricted assets represent assets which have been primarily acquired through donations whereby the donor has placed a restriction on how the donation can be used by the Council (i.e., utility assistance funds, vehicle and transportation donations, and building fund donations). Restricted assets are offset by a corresponding reservation of the Council's fund balance. Some of the restricted assets are invested in certificates of deposit because the cash is not needed to meet immediate needs.

n. Reservation and Designations of Fund Balances:

The Council "reserves" 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 allocations of fund balances result when the Council's management intends to expend certain resources in a designated manner. There were not any designated fund balances as of June 30, 1999.

o. Management's Use of Estimates:

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

Note 2 - Revenue Recognition - Intergovernmental, Program Service Fees, Public Support, Fund Raisers, and Miscellaneous Revenues

Intergovernmental revenues and program service fees are recorded in governmental funds as revenues in the accounting period when they become susceptible to accrual, that is, measurable and available (modified accrual basis). The timing and amounts of the receipts of public support, fund raisers, and miscellaneous revenues are difficult to predict; therefore, they are not susceptible to accrual and are recorded as revenue in the period received.

Note 3 - Cash and Investments

The Council maintains a consolidated bank account to deposit most of the monies it collects and to pay its bills. The consolidated bank account is available for use by all funds. 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.

Cash and investments are reported at carrying amount which closely approximates their fair values. The combined carrying amount of the Council's cash (demand deposits) and investments (certificates of deposits) at June 30, 1999 was \$137,663 whereas the related bank balances totaled \$169,648. The difference in these amounts relates to checks written on demand deposit accounts which have not yet cleared the bank accounts. At June 30, 1999, \$163,524 of bank balances were covered 100% by federal depository insurance and have been classified as "Category 1" balances in accordance with GASB Statement 3. However, the remaining \$6,124 has been classified as "Category 3" because the balances were uninsured and uncollateralized.

State statutes authorize the Council to invest temporarily idle monies in the following:

1. United States Treasury Bonds,
2. United States Treasury Notes,
3. United States Treasury Bills,

Note 3 - Cash and Investments - (continued)

4. Obligations of U.S. Government Agencies, including such instruments as Federal Home Loan Bank bonds, Government National Mortgage Association bonds, or a variety of "Federal Farm Credit" bonds,
5. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana,
6. Fully collateralized repurchase agreements,
7. Fully collateralized interest-bearing checking accounts,
8. Mutual or Trust Fund institutions which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States Government or its agencies,
9. Any other investment allowed by state statute for local governments, and
10. Louisiana Asset Management Pool (LAMP).

The Council's primary purpose for investing is to earn interest income on money that has been determined to be in excess of immediate cash needs.

At June 30, 1999, investments consisted of the following:

<u>Bank</u>	<u>Type Of Investment</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
Regions	C.D.	\$ 13,000	3.971%	05-19-00
Regions	C.D.	10,100	3.875%	10-22-99
St. Tammany Homestead	C.D.	40,414	4.95%	06-12-00
Hibernia National Bank	C.D.	8,700	4.00%	04-11-00
St. Tammany Homestead	Passbook savings	<u>10</u>	2.55%	Demand
Total investments		\$ 72,224		
Reserved for:				
Vehicle acquisition		(15,022)		
Slidell Sr. Center Building		<u>(17,654)</u>		
Unreserved and undesignated investments		\$ 39,548		
		=====		



Note 3 - Cash and Investments - (continued)

The above investments have been recorded at cost, which approximates market value. The market values of the certificates of deposit and savings account do not fluctuate.

Note 4 - Government Grants and Contracts Receivable

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

Government grants and contracts receivable at June 30, 1999, consisted of the following:

<u>Program</u>	<u>Fund</u>	<u>Funding Agency</u>	<u>Amount</u>
U.S.D.A.	Special Revenue	GOEA	\$ 3,296
Title III B	Special Revenue	City of Slidell	<u>6,405</u>
Total government grants and contracts receivable			\$ 9,701 =====

Note 5 - Changes in Fixed Assets

A summary of changes in general fixed assets is as follows:

	<u>Balances</u> <u>07-01-98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>06-30-99</u>
Vehicles	\$226,282	\$ 65,421	\$ (5,250)	\$ 286,453
Office furniture and equipment	43,549	14,888	(1,850)	56,587
Computer equipment and software	27,796	2,063	-	29,859
Recreation equipment	6,152	270	-	6,422
Building improvements	11,382	298	-	11,680
Nutrition equipment	8,273	-	-	8,273
Health maintenance equipment	<u>1,077</u>	<u>-</u>	<u>-</u>	<u>1,077</u>
Total general fixed assets	\$324,511 =====	\$ 82,940 =====	\$ (7,100) =====	\$ 400,351 =====

Donated assets represent \$13,933 of the year end total.

Note 6 - Long-Term Debt

On August 7, 1998, the Council borrowed \$6,142 from Hibernia National Bank to provide funds to purchase computer equipment. The note is payable in 36 monthly installments of \$189.94. The first payment was made September 7, 1998, and the last payment is due August 7, 2001. The interest rate of this note is 7% per annum and the Council has pledged an \$8,700 certificate of deposit at Hibernia National Bank as the collateral for the note. Future maturities of principal for this note are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u> <u>Payments</u> <u>Due</u>
2000	\$2,023
2001	2,170
2002	<u>377</u>
Total	\$4,570 =====

Note 7 - Advances from Funding Agencies

This account represents funds, received in excess of allowable expenditures, that are to be returned to the funding agency. As of year end there were no advances from funding agencies.

Note 8 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed in accordance with the State of Louisiana's travel reimbursement policy when attending meetings on behalf of the Council.

Note 9 - In-Kind Contributions

The Council received various in-kind contributions during the year. Senior center or meal site facilities were furnished in Mandeville, LaCombe, Pearl River, and Covington to the Council without charge for rent. The Slidell Senior Center is furnished by the City of Slidell for an annual cost of \$1 per year for rent plus utility charges. Utilities are furnished at the Mandeville site for free, while at Pearl River the Council is responsible for one half of the utility bill. Other in-kind contributions consisted of the time donated by volunteer workers to help with home delivered meals and to assist at senior centers and meal sites. The Council also received contributions of some small items of furniture and equipment, none of which were worth more than \$250 individually. These contributions, the value of which was not objectively compiled and determined, have not been reported as revenues or offsetting expenses in these financial statements.

Note 10 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. 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 11 - Lease Commitments

The Council entered into a lease of the building that houses its main office at 328 East Boston Street, Covington, Louisiana on July 23, 1986. The terms of this lease require monthly payments of \$425 for twenty years. The Council is responsible for utilities, normal repairs and maintenance, and liability insurance. There is an escape clause that allows the Council to break the lease commitment should it lose its funding from the federal and state governments.

Note 11 - Lease Commitments - (continued)

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 property and liability insurance.

Total building rent expense for the year was \$4,675.

On March 13, 1996, the Council entered into a lease for a photo copy machine. Terms of the lease require 36 monthly payments of \$57.46 beginning March 13, 1996. The Council made the 8 remaining payments on this lease during fiscal year 1999.

Note 12 - General Long-Term Debt

Long-term liabilities that will be financed from governmental funds are accounted for in the general long-term debt group of accounts. The following is a summary of changes in long-term debt.

	Balance 07-01-98	Net Additions (Deletions)	Balance 06-30-99
Note payable	\$ -0-	\$ 4,570	\$ 4,570
Accumulated unpaid vacation	5,587	1,697	7,284
 Total long-term debt	 \$ 5,587	 \$ 6,267	 \$11,854

Note 13 - Judgements, Claims, and Similar Contingencies

There is no litigation pending against the Council as of June 30, 1999. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 14 - Federal Award Programs

The Council participates in a number of federal award programs. These programs are audited in accordance with the Single Audit Act Amendments of 1996. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the Council's management believes that further examinations would not result in any significant disallowed costs that would adversely affect the Council's financial position. Any costs that would be disallowed would be recognized in the period agreed upon by the agency and the Council.

Note 15 - Economic Dependency

The Council receives the majority of its revenue from funds provided through grants administered by the Governor's Office of Elderly Affairs. 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. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

Note 16 - 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; injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the fiscal year that exceeded the Council's insurance coverage.

Note 17 - Purchase Commitments

The Council has entered in to an agreement with the Louisiana Department of Transportation and Development (DOTD) to purchase a new van. The Council is responsible for matching 20% of the purchase price of each van. The Council has not yet remitted the required matching funds (\$7,000) on the contract but has had its bank issue an irrevocable letter of credit in favor of DOTD for the matching amount. The van is expected to be delivered in fiscal year 2000.

Note 18 - Interfund Transfers

Operating transfers in and out are listed by fund for 1999:

	<u>Transfers In</u>						<u>Totals</u>
	<u>Title III B</u>	<u>Title III C1</u>	<u>Title III C2</u>	<u>Title III D</u>	<u>Title III F</u>	<u>Ombudsman</u>	
<u>Transfers out</u>							
General Fund:							
PCOA	\$26,741	\$ -	\$ -	\$1,332	\$2,023	\$ 1,553	\$ 31,649
Local	<u>15,635</u>	<u>-</u>	<u>-</u>	<u>445</u>	<u>668</u>	<u>1,417</u>	<u>18,165</u>
Total General Fund	<u>42,376</u>	<u>-</u>	<u>-</u>	<u>1,777</u>	<u>2,691</u>	<u>2,970</u>	<u>49,814</u>
Special Revenue Funds:							
Miscellaneous Grant	4,500	-	-	-	-	-	4,500
USDA	-	16,375	26,860	-	-	-	43,235
Senior Center	<u>42,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,137</u>
Total Special Funds	<u>46,637</u>	<u>16,375</u>	<u>26,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,872</u>
Total transfers	\$89,013	\$ 16,375	\$ 26,860	\$1,777	\$2,691	\$ 2,970	\$139,686
	*****	*****	*****	*****	*****	*****	*****

SUPPLEMENTARY FINANCIAL INFORMATION

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

**SCHEDULE OF PROGRAM REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND**

For the year ended June 30, 1999

Programs of the General Fund

	Local	Senior Center Activities	Medicaid	PCOA	Van	Totals
<b>REVENUES</b>						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 0	\$ 0	\$ 0	\$ 31,649	\$ 0	\$ 31,649
Public Support:						
Unrestricted Donations	2,678	3,043	0	0	0	5,721
Restricted Donations	0	2,570	0	0	0	2,570
Fundraisers:						
Dances	0	6,901	0	0	0	6,901
Raffles	0	836	0	0	0	836
Refreshment Sales	0	1,567	0	0	0	1,567
Craft Sales	0	237	0	0	0	237
Interest Income	3,449	946	0	0	1,168	5,563
Program Service Fees:						
Dept. of Health & Hospitals	0	0	156	0	0	156
Medic Alert Rentals	1,096	0	0	0	0	1,096
Miscellaneous:						
Facility Rental	0	125	0	0	0	125
<b>Total revenues</b>	<b>7,223</b>	<b>16,225</b>	<b>156</b>	<b>31,649</b>	<b>1,168</b>	<b>56,421</b>
<b>EXPENDITURES</b>						
Current:						
Salaries & Wages	55	0	0	0	0	55
Fringe	0	0	0	0	0	0
Travel	0	0	0	0	0	0
Operating Services	836	7,347	0	0	37	8,220
Operating Supplies	20	2,282	0	0	0	2,302
Other Costs	874	0	0	0	0	874
Meals	30	45	0	0	0	75
Full Service Contracts	0	4,440	0	0	0	4,440
Capital Outlay	9,931	7,588	0	0	16,305	33,824
Debt Service:						
Interest Expense	327	0	0	0	0	327
Principal Payments	1,572	0	0	0	0	1,572
<b>Total expenditures</b>	<b>13,645</b>	<b>21,702</b>	<b>0</b>	<b>0</b>	<b>16,342</b>	<b>51,689</b>
Excess of revenues over (under) expenditures	(6,422)	(5,477)	156	31,649	(15,174)	4,732
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	0	0	0	0	0	0
Operating transfers out	(18,165)	0	0	(31,649)	0	(49,814)
Proceeds from sale of vans	0	0	0	0	1,533	1,533
Proceeds from bank loan	6,142	0	0	0	0	6,142
Excess of revenues and other sources over (under) expenditures and other uses	(18,445)	(5,477)	156	0	(13,641)	(37,407)
<b>FUND BALANCES</b>						
Beginning of year	40,542	26,150	5,456	0	28,763	100,911
End of year	\$ 22,097	\$ 20,673	\$ 5,612	\$ 0	\$ 15,122	\$ 63,504





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

**SCHEDULE OF PROGRAM EXPENDITURES - BUDGET VS ACTUAL - CONTRACTS AND GRANTS PROVIDED  
THROUGH THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS (GOEA)**

For the year ended June 30, 1999

	Budget	Actual	Variance- Favorable (Unfavorable)
<b>PCOA - Act 735</b>			
Transfers out to Title III B - Ombudsman	\$ 531	\$ 1,553	\$ (1,022)
Transfers out to Title III B - Supportive Services	5,593	26,741	(21,148)
Transfers out to Title III C-2	22,448	0	22,448
Transfers out to Title III D	1,081	1,332	(251)
Transfers out to Title III F	1,996	2,023	(27)
<b>Total</b>	<b>\$ 31,649</b>	<b>\$ 31,649</b>	<b>\$ 0</b>
<b>TITLE III B - OMBUDSMAN</b>			
Salaries & Wages	\$ 10,661	\$ 11,896	\$ (1,235)
Fringe	1,053	1,035	18
Travel	1,423	1,554	(131)
Operating Services	1,001	1,545	(544)
Operating Supplies	143	253	(110)
Other Costs	120	291	(171)
Capital Outlay	27	0	27
<b>Totals</b>	<b>\$ 14,428</b>	<b>\$ 16,574</b>	<b>\$ (2,146)</b>
<b>TITLE III B - SUPPORTIVE SERVICES</b>			
Salaries & Wages	\$ 111,110	\$ 134,888	\$ (23,778)
Fringe	10,967	12,537	(1,570)
Travel	2,548	3,192	(644)
Operating Services	59,724	61,298	(1,574)
Operating Supplies	16,656	20,969	(4,313)
Other Costs	1,984	4,152	(2,168)
Full service:			
Homemaker services - The Medical Team	28,979	29,935	(956)
Legal services - SE Louisiana Legal Services	5,665	5,125	540
Capital Outlay	447	0	447
<b>Totals</b>	<b>\$ 238,080</b>	<b>\$ 272,096</b>	<b>\$ (34,016)</b>
<b>TITLE III C - AREA AGENCY ADMINISTRATION</b>			
Salaries & Wages	\$ 15,719	\$ 15,719	\$ 0
Fringe	1,521	1,521	0
Travel	1,126	1,126	0
Operating Services	11,993	12,317	(324)
Operating Supplies	1,713	1,713	0
Other Costs	1,440	1,440	0
Capital Outlay	324	0	324
<b>Totals</b>	<b>\$ 33,836</b>	<b>\$ 33,836</b>	<b>\$ 0</b>

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

SCHEDULE OF PROGRAM EXPENDITURES - BUDGET VS ACTUAL - CONTRACTS AND GRANTS PROVIDED  
THROUGH THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS (GOEA)

For the year ended June 30, 1999

	Budget	Actual	Variance- Favorable (Unfavorable)
<b>TITLE III C-1</b>			
Salaries & Wages	\$ 28,570	\$ 23,237	\$ 5,333
Fringe	2,809	2,483	326
Travel	2,215	1,906	309
Operating Services	11,690	6,413	5,277
Operating Supplies	2,807	2,105	702
Other Costs	944	672	272
Meals:			
Raw food	33,776	41,924	(8,148)
Labor and non-edibles	30,237	37,532	(7,295)
Capital Outlay	212	0	212
<b>Totals</b>	<b>\$ 113,260</b>	<b>\$ 116,272</b>	<b>\$ (3,012)</b>
<b>TITLE III C-2</b>			
Salaries & Wages	\$ 65,215	\$ 48,598	\$ 16,617
Fringe	6,428	5,112	1,316
Travel	12,898	12,415	483
Operating Services	19,503	10,561	8,942
Operating Supplies	4,440	2,878	1,562
Other Costs	1,453	1,419	34
Meals:			
Raw food	33,776	31,731	2,045
Labor and non-edibles	30,237	28,407	1,830
Capital Outlay	327	0	327
<b>Totals</b>	<b>\$ 174,277</b>	<b>\$ 141,121</b>	<b>\$ 33,156</b>
<b>TITLE III D</b>			
Salaries & Wages	\$ 1,976	\$ 2,325	\$ (349)
Fringe	195	238	(43)
Travel	98	106	(8)
Operating Services	2,481	2,693	(212)
Operating Supplies	48	84	(36)
Other Costs	40	97	(57)
Capital Outlay	9	0	9
<b>Totals</b>	<b>\$ 4,847</b>	<b>\$ 5,543</b>	<b>\$ (696)</b>

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

SCHEDULE OF PROGRAM EXPENDITURES - BUDGET VS ACTUAL - CONTRACTS AND GRANTS PROVIDED  
THROUGH THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS (GOEA)

For the year ended June 30, 1999

	Budget	Actual	Variance- Favorable (Unfavorable)
<b>TITLE III F</b>			
Salaries & Wages	\$ 5,955	\$ 6,350	\$ (395)
Fringe	588	541	47
Travel	328	360	(32)
Operating Services	964	1,157	(193)
Operating Supplies	79	132	(53)
Other Costs	67	152	(85)
Capital Outlay	15	0	15
<b>Totals</b>	<b>\$ 7,996</b>	<b>\$ 8,692</b>	<b>\$ (696)</b>
<b>SENIOR CENTER - SLIDELL</b>			
Salaries & Wages	\$ 19,515	\$ 21,679	\$ (2,164)
Fringe	1,928	2,404	(476)
Travel	517	580	(63)
Operating Services	4,561	9,521	(4,960)
Operating Supplies	268	636	(368)
Other Costs	226	621	(395)
Capital Outlay	51	0	51
Transfers out to Title III B	50,512	42,137	8,375
<b>Totals</b>	<b>\$ 77,578</b>	<b>\$ 77,578</b>	<b>\$ 0</b>
<b>U. S. D. A.</b>			
Transfer out to Title III C-1	\$ 11,702	\$ 16,375	\$ (4,673)
Transfer out to Title III C-2	35,449	26,860	8,589
<b>Totals</b>	<b>\$ 47,151</b>	<b>\$ 43,235</b>	<b>\$ 3,916</b>
<b>AUDIT</b>			
Other costs	\$ 3,161	\$ 3,161	\$ 0
<b>Totals</b>	<b>\$ 3,161</b>	<b>\$ 3,161</b>	<b>\$ 0</b>
<b>SUPPLEMENTAL SENIOR CENTER</b>			
Transfers out to Title III B	\$ 0	\$ 4,500	\$ (4,500)
Transfers out to Title III C-2	4,500	0	4,500
<b>Totals</b>	<b>\$ 4,500</b>	<b>\$ 4,500</b>	<b>\$ 0</b>

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

SCHEDULE OF PRIORITY SERVICES  
TITLE III, PART B - CONTRACT FOR SUPPORTIVE SERVICES

For the year ended June 30, 1999

		<u>Percent of GOEA Contract</u>
Access (30%):		
Assisted Transportation	\$ 0	
Case Management	0	
Transportation	229,394	
Information & assistance	3,924	
Outreach	<u>1,620</u>	
Total access expenses		234,938      229.28%
In-Home (15%):		
Homemaker	32,033	
Chore	0	
Telephoning	0	
Visiting	0	
Adult daycare/health	0	
Personal Care	<u>0</u>	
Total in-home expenses		32,033      31.26%
Legal (5%):		
Legal Assistance		5,125      5.00%
Non-priority services		<u>0</u>
Total Title III B - Supportive Services Expenditures		272,096
Less: Participant contributions		(2,897)
Other public support		(29,710)
Transfers in		<u>(89,013)</u>
Title III B - Supportive Services Contract		150,476
Less: Transfers of contract allotments		
State homemaker		(27,574)
State transportation		<u>(20,436)</u>
Original contract award net of additional state homemaker and transportation funds and transfers of contract allotments		<u>\$ 102,466</u>

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

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

For the year ended June 30, 1999

	Balance June 30 1998	Additions	Deletions	Balance June 30 1999
<b>General fixed assets:</b>				
Vehicles	\$ 226,282	\$ 65,421	\$ (5,250)	\$ 286,453
Office furniture and equipment	43,549	14,888	(1,850)	56,587
Computer equipment and software	27,796	2,063	0	29,859
Recreation equipment	6,152	270	0	6,422
Building improvements	11,382	298	0	11,680
Nutrition equipment	8,273	0	0	8,273
Health maintenance equipment	1,077	0	0	1,077
<b>Total general fixed assets</b>	<b>\$ 324,511</b>	<b>\$ 82,940</b>	<b>\$ (7,100)</b>	<b>\$ 400,351</b>
<b>Investment in general fixed assets:</b>				
<b>Property acquired with funds from -</b>				
FTA	\$ 166,042	\$ 49,116	\$ 0	\$ 215,158
Van fund raisers	60,240	16,305	(5,250)	71,295
State allocation funds (Act 735)	23,047	0	0	23,047
General funds and local donations	21,738	9,931	0	31,669
Title III B	638	0	0	638
Title III C-1	3,720	0	0	3,720
Title III D	828	0	0	828
Title III F	1,077	0	0	1,077
Title III G	299	0	0	299
Miscellaneous grant	13,576	0	(1,850)	11,726
Senior Center - Covington	12,675	1,479	0	14,154
Senior Center - Mandeville	586	0	0	586
Senior Center - Slidell	5,254	6,109	0	11,363
Senior Center - LaCombe	411	0	0	411
Title XX	447	0	0	447
In-kind donations	13,933	0	0	13,933
<b>Total investments in general fixed assets</b>	<b>\$ 324,511</b>	<b>\$ 82,940</b>	<b>\$ (7,100)</b>	<b>\$ 400,351</b>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 1999

FEDERAL GRANTOR/PASS-THROUGH GRANTORS/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANT YEAR ENDED	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	EXPENDITURES
<b>U.S. Department of Health and Human Services - Administration on Aging</b>					
Passed through the Governor's Office of Elderly Affairs:					
Special Programs for the Aging - Cluster:					
Title III, Part B - Grant for Supportive Services and Senior Centers	93.044	06/30/99	\$ 87,096	\$ 87,096	\$ 87,096
Title III, Part B - Ombudsman	93.044	06/30/99	9,756	9,756	9,756
Subtotal CFDA #93.044			96,852	96,852	96,852
Title III, Part C - Area Agency Administration	93.045	06/30/99	25,377	25,377	25,377
Title III, Part C-1 - Nutrition Services - Congregate Meals	93.045	06/30/99	87,273	87,273	87,273
Title III, Part C-2 - Nutrition Services - Home Delivered Meals	93.045	06/30/99	45,726	45,726	45,726
Subtotal CFDA #93.045			158,376	158,376	158,376
Title III, Part D - In-Home Services for Frail Older Individuals	93.046	06/30/99	3,201	3,201	3,201
Title III, Part F - Disease Prevention and Health Promotion Services	93.043	06/30/99	5,101	5,101	5,101
Totals for U.S. Department of Health and Human Services - Administration on Aging			263,530	263,530	263,530
<b>U.S. Department of Agriculture</b>					
Passed through the Governor's Office of Elderly Affairs:					
Nutrition Program for the Elderly					
Fy 99 grant (1)	10.570	06/30/99	48,300	37,306	0
Fy 98 grant (2)	10.570	06/30/98	48,300	0	36,809
Fy 97 grant (3)	10.570	06/30/97	48,300	0	6,426
Subtotal CFDA #10.570			144,900	37,306	43,235
Totals for U.S. Department of Agriculture			144,900	37,306	43,235

The accompanying notes are an integral part of this schedule.

- (1) Revenue recognized is more than expenditures because the revenue under this program was earned under a unit cost contract. Unspent revenue (\$37,306) this year has been carried over to be used next year.
- (2) At 6-30-98 there was still \$38,810 of funds earned but not spent under the Fy 98 award. Those funds were carried over to Fy 99 and \$36,809 was spent this year. \$2,001 remained unspent and are available for future years.
- (3) \$ 6,426 was carried over from last year and consumed this year.

(Schedule 6 Continued on Next Page)

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

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 1999

FEDERAL GRANTOR/PASS-THROUGH GRANTORS/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	GRANT YEAR ENDED	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	EXPENDITURES
<b>U.S. Department of Transportation</b>					
Passed through the Louisiana Department of Transportation and Development:					
FTA - Section 5310 - Elderly and persons with disabilities transportation capital assistance program (Federal project #LA-16-0026) (State project #736-99-0730)	20.513	N/A	\$ 28,000	\$ 0	\$ 0
FTA - Section 5310 - Elderly and persons with disabilities transportation capital assistance program (Federal project #LA-16-0024) (State project #736-99-0464)	20.513	N/A	22,354	22,354	22,354
FTA - Section 5310 - Elderly and persons with disabilities transportation capital assistance program (Federal project #LA-16-0025) (State project #736-99-0621)	20.513	N/A	26,762	26,762	26,762
Totals for U.S. Department of Transportation			77,116	49,116	49,116
Total federal grants			\$ 485,546	\$ 349,952	\$ 355,881

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 general-purpose 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 general-purpose 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.



DISCLOSURE ABOUT THE YEAR 2000 ISSUE

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

June 30, 1999

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect the Council's ability to conduct normal business operations.

DESCRIPTION OF WORK COMPLETED OR TO BE COMPLETED TO MAKE  
THE COUNCIL'S COMPUTER SYSTEM AND OTHER ELECTRONIC EQUIPMENT  
CRITICAL TO CONDUCTING OPERATIONS SYSTEM 2000 COMPLIANT

The Council's management has taken action to minimize any adverse effects which might result from the year 2000 as follows:

**GENERAL OPERATIONS AND ACCOUNTING SYSTEMS**

The Council has been modifying, updating, and replacing equipment, including computer hardware and software, for the past two years. In FY98, five new year 2000 compliant computers were purchased. In FY99, two additional computers were purchased. Thus, all computers used in the operations of the Council are now year 2000 compliant. Additionally, all software and other computer components used by the Council have been either upgraded or replaced.

The Client Tracking System software is presently not compliant. The Governor's Office of Elderly Affairs is purchasing software to be installed in October, 1999, that will ensure this application will be year 2000 compliant.

**PURCHASE OF GOODS AND SERVICES INTEGRAL  
TO THE COUNCIL'S OPERATIONS**

There are alternatives available whereby the Council can acquire the goods and services it needs to perform its routine functions should the year 2000 prevent the usual vendors from meeting the Council's needs. The Council has received assurances from its major vendors that they are year 2000 compliant.

**FINANCIAL RESOURCE COMMITMENTS**

Management has not budgeted and does not expect to have to spend any significant amounts of money in FY2000 to make its operations year 2000 compliant.

**DISCLAIMER**

Despite all the efforts the Council's management can and will take to assess, remediate, and validate through testing the problems associated with the year 2000, management makes no guarantee that all systems and equipment used by the Council, its service organization, suppliers, or other third parties will be year 2000 compliant.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

**For the year ended June 30, 1999**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the St. Tammany Council on the Aging, Inc.
2. One reportable condition was disclosed during the audit of the general purpose financial statements and has been reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*". The reportable condition was considered to be a material weakness.
3. No instances of noncompliance material to the general purpose financial statements of the St. Tammany Council on the Aging, Inc. were disclosed during the audit.
4. One reportable condition disclosed during the audit of the major federal award programs was reported in the "Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133". The reportable condition was considered to be a material weakness.
5. The auditor's report on compliance for the major federal award programs for the St. Tammany Council on the Aging, Inc. expresses an unqualified opinion.
6. There is one audit finding that is required to be reported in accordance with Section 510(a) of OMB Circular A-133. This finding has been discussed in summary form in Part C of this schedule. The details of this finding are presented in Part B of this schedule.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(continued)**

**A. SUMMARY OF AUDITOR'S RESULTS - (continued)**

7. The programs tested as major programs are as follows:

U.S. Department of Health and Human Services -  
Administration on Aging/Passed through the Louisiana  
Governor's Office of Elderly Affairs:

Special Programs for the Aging - Cluster:

- ◆ Title III, Part B - Grants for Supportive Services and Senior Centers; CFDA #93.044
- ◆ Title III, Part C - Nutrition Services; CFDA #93.045
- ◆ Title III, Part D - In-Home Services for Frail Older Individuals; CFDA #93.046, and
- ◆ Title III, Part F - Disease Prevention and Health Promotion Services; CFDA #93.043

8. The threshold for distinguishing Types A and B programs was \$300,000.

9. St. Tammany Council on the Aging, Inc. was determined not to be a low-risk auditee.

**B. FINANCIAL STATEMENT FINDINGS**

Reportable Condition - Material Weakness

#99-1:                    Certain Costs Are Being Allocated Using Inappropriate Methods

Application:            This finding relates to the Special Programs for the Aging which have been tested as major federal award programs.

Condition:              Certain direct costs, particularly payroll and vehicle operation, were allocated using budgeted percentages and not based on actual events. Workman's compensation premiums were allocated indirectly rather than being based on actual payroll allocations. FICA expense was not allocated in proportion to the wage allocations. The incorrect allocation of direct program costs produced errors in the allocation of indirect costs amongst related programs. I have noted improper cost allocations as a reportable condition in previous audits and this finding has continued to repeat itself.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(continued)**

**B. FINANCIAL STATEMENT FINDINGS - (continued)**

**Criteria:** Indirect costs are those incurred for common or joint purposes benefitting more than one cost objective that cannot be readily assignable to the cost objective specifically benefitted. Direct costs are those that can be identified specifically with a particular cost objective. It is the Council's responsibility to prepare a cost allocation plan that (1) can distinguish between indirect and direct costs, (2) will allocate indirect costs in a consistent and equitable manner, and that will comply with OMB Circular A-87, and (3) allocate direct costs based on actual events. Internal controls should be in place to (1) guide those employees responsible for preparing and following the cost allocation plan, and (2) require management to verify the plan is being followed.

**Effects:** Certain costs were allocated improperly amongst the Council's various programs. Audit adjustments were made to correct the significant errors for financial statement purposes. However, after the adjustments were made, the actual costs for several programs exceeded budgeted amounts for those programs by more than 10%. This violates the terms of the Council's contract with GOEA because the Council is supposed to amend its budget and get approval from GOEA in cases where this occurs. I want to point out that, before I made the audit adjustments, actual costs were within budgeted amounts. Therefore, management was unaware an amendment to the budget was needed. In addition to the violations, all the final reports submitted to GOEA for the fiscal year were wrong and had to be amended to include the audit adjustments.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(continued)**

**B. FINANCIAL STATEMENT FINDINGS - (continued)**

**Cause:** A training session was held during the year with the accounting clerk and the Council's director to discuss cost allocation concepts, deficiencies of the past, and how to correct them for fiscal year 1999. However, after the training, the Council implemented some of my recommendations regarding cost allocation from last year's audit but failed to follow through with other recommendations. The Council's director was involved in reviewing the bookkeeping for about half the year, but became distracted with other Council business for the last half of the year and failed to review the books until year end. By then, many errors had occurred and he did not know how to correct them.

**Perspective:** The employees used by the Council during the year to do the bookkeeping did not have accounting backgrounds. They were "clerk" type people who acquired whatever skills they had on the job. Although bookkeeping errors have been pointed out to them during audits of prior years, no significant improvement in knowledge or skills has been made. Bookkeeping reviews by the directors have been inconsistent or not timely. In addition, the directors who supervised the clerks over the years were also not experienced in accounting matters. As a result, when the directors reviewed the work done by the clerks, some of the errors that occurred were not caught.

The two employees who primarily handled the accounting during the year were terminated because they were unable to perform the tasks assigned to them competently and timely. After year end, a new person was hired to be the Council's bookkeeper.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(continued)**

**B. FINANCIAL STATEMENT FINDINGS - (continued)**

Questioned  
Costs:

No significant questioned costs were noted and no grant funds were determined to be unearned because audit adjustments were made to correct identifiable errors. Local funds were used to supplement federal award programs in amounts sufficient to cover any amount of unidentified costs that were improperly allocated.

The costs which exceeded the budget limitations have not been questioned because (1) management was unaware of the violations because the information available did not indicate budget amendments were necessary, (2) GOEA has not historically requested repayment of costs in excess of budget limits, and (3) transfers of other funds were made to the affected programs to cover the budget overruns.

Recommendation:

Just because a new bookkeeper has been hired doesn't mean the errors of the past will be eliminated. The new bookkeeper seems eager to learn and has the desire to do the accounting correctly. However, she is not experienced in accounting for COA type entities and she does not have a thorough understanding of how to use the Quickbooks software. She will need to be trained to acquire skills that she does not now possess. Her work will need to be reviewed monthly to ensure she understands what to do.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(continued)**

**B. FINANCIAL STATEMENT FINDINGS - (continued)**

Recommendation:  
(continued)

In addition, I want to reiterate some of my prior year recommendations that still apply. Accordingly, I encourage the Council's director to (1) verify that costs are being allocated properly each month and not wait until year end to correct errors that have accumulated throughout the year, (2) implement procedures to document direct costs as they are incurred for employees who perform services for multiple programs, and (3) verify that the allocation of vehicle costs between Title IIIB and Title IIIC-2 transportation be based on actual vehicle usage and not on budgeted percentages.

Council's  
response:

The Council's director acknowledges and agrees with the description of this finding and intends to correct it during fiscal year 2000 using my recommendations. See management's corrective action plan later in this report.

**C. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS**

Finding 99-1 noted in section B here above is also a reportable condition, as well as a material weakness, in internal control over the Council's major federal award programs because the same internal control system is used for all Council activities. There were no questioned costs discovered by me that require reporting in this section. There were no other findings that need to be reported in this section. The major federal programs that are affected by this finding are identified in item 7 of Section A. The description of the condition, criteria, effect, cause, perspective, questioned costs, recommendation, and Council's response are the same as described in Section B.

**D. MANAGEMENT LETTER**

No management letter was issued by the auditor for this year's audit.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

June 30, 1999

REPORTABLE CONDITION IN INTERNAL CONTROL

Finding #98-1:            Direct and Indirect Costs Are Being Allocated Using Inappropriate Methods

Application:            This finding relates to all programs of the Council, including those relative to federal awards.

Condition:              The auditor reported that certain indirect costs were being allocated as if they were direct costs. Also, certain direct costs (i.e., payroll and vehicle operation) were being allocated using budgeted percentages and not based on actual events.

Recommendation:        The auditor recommended that the Council's director (1) review the Council's FY99 indirect cost allocation plan for conceptual soundness, (2) meet with the Council's outside bookkeeping firm and modify the chart of accounts to accommodate an indirect cost allocation pool and the distribution of indirect costs, (3) train employees involved with the cost allocation process in distinguishing between indirect and direct costs, (4) verify that costs are being allocated properly each month and not wait until year end to correct errors that have accumulated throughout the year, (5) implement procedures to document direct costs as they are incurred for employees who perform services for multiple programs, and (6) train the accounting clerk to code vehicle costs between IIIB and IIIC-2 transportation based on actual vehicle usage and not budgeted percentages.

Current Status:         The first three recommendations made by the auditor were followed but the last three were not. Accordingly, there were errors made in allocating costs during the fiscal year. The auditor has cited this deficiency as a repeat finding this year. See finding 99-1.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - (continued)

MANAGEMENT LETTER COMMENTS FROM THE FY98 AUDIT

Immaterial Weaknesses in Internal Control

IC-1: The auditor stated that the policy for collecting and depositing C1 and C2 contributions needs to be reviewed, evaluated, communicated, and enforced.

Status: Resolved

IC-2: The auditor stated that controls over purchasing need to be tightened.

Status: Resolved.

IC-3: The auditor stated that invoices should be marked paid to prevent duplicate payment.

Status: Not resolved. Instances still occurred.

IC-4: The auditor recommended the Council update the authorized list of names who can access the Council's bank accounts for all accounts, including savings and certificates of deposit.

Status: Resolved.

IC-5: The auditor stated that fixed asset deletions should be approved by the board of directors before they are formally removed from the fixed asset inventory.

Status: Resolved.

IC-6: The auditor stated that the potential of the Year 2000 problem needs to be investigated.

Status: Resolved.

Immaterial Instances of Noncompliance

NC-1: The auditor stated that the system of collecting meals ordered and served data and reporting the data needs to be reviewed to determine where the breakdowns are occurring and how to correct them.

Status: Resolved.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - (continued)

MANAGEMENT LETTER COMMENTS FROM THE FY98 AUDIT

Immaterial Instances of Noncompliance - (continued)

NC-2:       The auditor stated that subcontractors need to be more attentive to their contracts with the Council.

Status:     Resolved.

NC-3:       The auditor stated that GOEA reports were filed late.

Status:     Resolved.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**

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

**June 30, 1999**

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, 1999.

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, 1999.

The findings from the June 30, 1999 schedule of findings and  
questioned costs are discussed below. The findings are numbered  
consistently with the numbers assigned in the schedule. Section A  
of the schedule, Summary of Audit Results, does not include  
findings and is not addressed in this corrective action plan.

**B. FINANCIAL STATEMENT FINDINGS**

**REPORTABLE CONDITION - MATERIAL WEAKNESS**

Finding 99-1: Certain Costs Are Being Allocated Using  
Inappropriate Methods

Recommendation: The new bookkeeper will need training to learn  
what is required and how to do it right. Her  
work will need to be reviewed to ensure  
understanding and accuracy.

**MANAGEMENT'S CORRECTIVE ACTION PLAN - (continued)**

**Recommendation:  
(continued)**

In addition, the auditor has recommended that the Council's director (1) verify that costs are being allocated properly each month and not wait until year end to correct errors that have accumulated throughout the year, (2) implement procedures to document direct costs as they are incurred for employees who perform services for multiple programs, and (3) verify that the allocation of vehicle costs between Title IIIB and Title IIIC-2 transportation be based on actual vehicle usage and not on budgeted percentages.

**Management's  
Response and  
Corrective Action:**

Management of the St. Tammany Council on Aging is in agreement with the findings as listed in the reportable condition #99-1. Management feels progress was made during the first part of the year. During the first half of FY99, the director trained and worked closely with the assistant director and bookkeeper on properly allocating costs, specifically transportation costs between Title IIIB and Title C-2 programs, and indirect costs across all programs. Unfortunately, during much of the second half of the year the director's supervision of these employees was diminished as the majority of his time was spent developing the agency's four year area plan and procuring agency service contracts for the next four years as required. It was during this time that many of the issues from the past once again began to arise. Other attempts to correct and improve the agency's accountability and performance in this area included sending the agency's assistant director and bookkeeper to two financial/accounting training workshops during the first part of the year. This was in addition to training provided by the auditor and the agency director. Unfortunately, these training sessions failed to produce the results expected.

**MANAGEMENT'S CORRECTIVE ACTION PLAN - (continued)**

Management's  
Response and  
Corrective Action:  
(Continued)

In its continuing efforts to improve the agency's accountability, management has installed new accounting software and has requested the assistance of its auditor to insure proper set up. A new assistant director and new bookkeeper have also been hired. Both of these employees possess stronger accounting skills and financial knowledge than previous persons in these positions. Management will ensure that any and all training needed by these new employees will be provided. In addition, management has begun implementation of recommendations made by the auditor. Specifically, management will verify cost allocation monthly, ensure salaries of employees working in multiple programs are allocated correctly, and that transportation costs between Title IIIB and Title C-2 are allocated based on actual expenses. Worksheets have been developed to assist in these areas, and management will ensure staff are properly trained to complete them. Ultimately, management is responsible for the agency's financial accountability and well being, and will make thorough reviews of the agency's financial reports on a monthly basis.

**C. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS**

The finding, recommendation, and action taken that was described for finding 99-1 also applies for this section.

**D. MANAGEMENT LETTER FINDINGS AND RECOMMENDATIONS**

No separate management letter was issued by the auditor this year.

If there are any questions regarding this plan, please call Jimmy Corkern at (504)892-0377.