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Financial Report

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

June 30, 1997

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Covington, Louisiana

June 30, 1997

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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, 1997, 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; standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget 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 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 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, 1997, 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 (see page 3) dated August 27, 1997, 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 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 financial information listed as supplementary financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the St. Tammany Council on the Aging, Inc., Covington, Louisiana. Such information 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.

Neil B. Ferrari, CPA

Baton Rouge, Louisiana,
August 27, 1997.

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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, 1997, and have issued my report thereon dated August 27, 1997. 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. However, I noted certain immaterial instances of noncompliance that I have reported to the board of directors of the St. Tammany Council on the Aging, Inc. in a separate letter dated August 27, 1997.

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 certain matters involving internal control over financial reporting and its operation that I consider to be reportable conditions. 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. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 97-1.

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 97-1 referred to above to be a material weakness.

I also noted other matters involving the internal control over financial reporting that I have reported to the board of directors of the St. Tammany Council on the Aging, Inc. in a separate letter dated August 27, 1997.

This report is intended for the information of the Council's board of directors, management, the Legislative Auditor of the State of Louisiana, and the Louisiana Governor's Office of Elderly Affairs. However, this report is a matter of public record and its distribution is not limited.

Neil A. Ferrari, CPA

Baton Rouge, Louisiana,
August 27, 1997.

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

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

Compliance

I have audited the compliance of 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, 1997. 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, 1997.

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 certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. 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. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 97-1.

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 97-1 referred to above to be a material weakness.

This report is intended for the information of the Council's board of directors, management, Louisiana Governor's Office of Elderly Affairs, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Neil B. Ferran, CPA

Baton Rouge, Louisiana,
August 27, 1997.

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

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

June 30, 1997
With Comparative Totals for the Year Ended June 30, 1996

	Governmental Fund Types		Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Fixed Assets	General Long-Term Debt	1997	1996
ASSETS AND OTHER DEBITS						
Assets:						
Cash	$ 10,143	$ 19,894	$ -	$ -	$ 30,037	$ 50,938
Investments, at cost	43,728	40,600	-	-	84,328	84,647
Grants receivable	-	20,610	-	-	20,610	9,888
Accounts receivable	2,820	-	-	-	2,820	1,389
Due from Special Revenue Fund	3,663	-	-	-	3,663	-
Insurance refund	-	-	-	-	-	1,449
Restricted assets:						
Cash	243	546	-	-	789	1,979
Vehicle purchase deposit	11,976	-	-	-	11,976	-
Investments, at cost	40,344	-	-	-	40,344	47,924
Fixed assets	-	-	322,833	-	322,833	345,133
Other debits:						
Amount to be provided to retire long-term debt	-	-	-	6,175	6,175	5,944
Total assets	$112,917	$ 81,650	$322,833	$ 6,175	$523,575	$549,291
LIABILITIES, FUND EQUITY, AND OTHER CREDITS						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 350
Accrued salaries and wages	43	19,766	-	-	19,809	16,577
Accrued payroll taxes	3	1,512	-	-	1,515	1,268
Accrued travel	1	1,458	-	-	1,459	1,106
State payroll tax withholding	542	-	-	-	542	619
Due to General Fund	-	3,663	-	-	3,663	-
Advances from funding agencies	-	861	-	-	861	811
Accumulated unpaid vacation	-	-	-	6,175	6,175	5,944
Total liabilities	589	27,260	-	6,175	34,024	26,675
Fund Equity and Other Credits:						
Fund balances:						
Reserved for:						
Utility assistance	-	546	-	-	546	1,924
Vehicle acquisition	41,692	-	-	-	41,692	27,977
Building acquisition	20,770	-	-	-	20,770	20,001
Unreserved - undesignated	49,866	53,844	-	-	103,710	127,581
Investment in general fixed assets	-	-	322,833	-	322,833	345,133
Total fund equity and other credits	112,328	54,390	322,833	-	489,551	522,616
Total liabilities, fund equity and other credits	$112,917	$ 81,650	$322,833	$ 6,175	$523,575	$549,291

The accompanying notes are an integral part of this statement.

Exhibit B

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

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

For the year ended June 30, 1997

With Comparative Totals for the Year Ended June 30, 1996

	General	Special Revenue	Totals (Memorandum Only) 1997	1996
REVENUES				
Intergovernmental	$ 45,149	$498,244	$543,393	$548,860
Public support	7,195	22,916	30,111	31,176
Fund raisers	38,309	-	38,309	42,165
Interest income	6,118	-	6,118	7,984
Program service fees	4,729	16	4,745	4,926
Miscellaneous	131	-	131	100
In-kind contributions	1,575	-	1,575	-
Total revenues	103,206	521,176	624,382	635,211
EXPENDITURES				
Current:				
Salaries	213	223,075	223,288	249,283
Fringe	17	18,380	18,397	20,648
Travel	3	17,456	17,459	18,527
Operating services	12,948	102,089	115,037	121,197
Operating supplies	1,129	22,693	23,822	26,466
Other costs	5,834	13,402	19,236	11,819
Meals	72	141,641	141,713	149,210
Capital outlay	2,208	-	2,208	890
Utility assistance	-	6,850	6,850	12,367
Full service	-	45,041	45,041	48,200
Fund raising	25,411	-	25,411	29,503
In-kind expense	1,575	-	1,575	-
Total expenditures	49,410	590,627	640,037	688,110
Excess of revenues over (under) expenditures	53,796	(69,451)	(15,655)	(52,899)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	157,418	157,418	190,761
Operating transfers out	(56,231)	(101,187)	(157,418)	(190,761)
Proceeds from sale of fixed assets	4,890	-	4,890	450
Excess of revenues and other sources over (under) expenditures and other uses	2,455	(13,220)	(10,765)	(52,449)
FUND BALANCES				
Beginning of year	109,873	67,610	177,483	229,932
End of year	$112,328	$ 54,390	$166,718	$177,483

The accompanying notes are an integral part of this statement.

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

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

For the year ended June 30, 1997

	Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES			
Intergovernmental	$ 45,149	$ 45,149	$ -
Public support	7,313	7,195	(118)
Fund raisers	36,109	38,309	2,200
Interest income	1,356	6,118	4,762
Program service fees	2,573	4,729	2,156
Miscellaneous	100	131	31
In-kind contributions	-	1,575	1,575
Total revenues	92,600	103,206	10,606
EXPENDITURES			
Current:			
Salaries	777	213	564
Fringe	67	17	50
Travel	100	3	97
Operating services	6,298	12,948	(6,650)
Operating supplies	1,337	1,129	208
Other costs	5,069	5,834	(765)
Meals	1,800	72	1,728
Capital outlay	-	2,208	(2,208)
Fund raising	25,411	25,411	-
In-kind expenses	-	1,575	(1,575)
Total expenditures	40,859	49,410	(8,551)
Excess of revenues over (under) expenditures	51,741	53,796	2,055
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	(48,399)	(56,231)	(7,832)
Proceeds from sale of fixed assets	-	4,890	4,890
Excess of revenues and other sources over (under) expenditures and other uses	3,342	2,455	$ (887)
FUND BALANCES			
Beginning of year	109,873	109,873	
End of year	$113,215	$112,328	

The accompanying notes are an integral part of this statement.

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

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

For the year ended June 30, 1997

	Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES			
Intergovernmental	$494,319	$ 498,244	$ 3,925
Public support	34,493	22,916	(11,577)
Interest income	1,100	-	(1,100)
Program service fees	-	16	16
Total revenues	529,912	521,176	(8,736)
EXPENDITURES			
Current:			
Salaries	241,692	223,075	18,617
Fringe	20,838	18,380	2,458
Travel	20,326	17,456	2,870
Operating services	106,608	102,089	4,519
Operating supplies	20,302	22,693	(2,391)
Other costs	10,969	13,402	(2,433)
Meals	147,000	141,641	5,359
Capital outlay	-	-	-
Utility assistance	5,450	6,850	(1,400)
Full service	47,457	45,041	2,416
Total expenditures	620,642	590,627	30,015
Excess of revenues over (under) expenditures	(90,730)	(69,451)	21,279
OTHER FINANCING SOURCES (USES)			
Operating transfers in	182,560	157,418	(25,142)
Operating transfers out	(134,161)	(101,187)	32,974
Excess of revenues and other sources over (under) expenditures and other uses	(42,331)	(13,220)	$ 29,111
FUND BALANCES			
Beginning of year	67,610	67,610	
End of year	$ 25,279	$ 54,390	

NOTES TO FINANCIAL STATEMENTS

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

June 30, 1997

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 20 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 VI - Annual Financial Reporting, accounting manual for the Governor's Office of Elderly Affairs Contractors; and, the Louisiana Governmental Audit Guide.

c. Fund Accounting:

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The Council uses funds and account groups to report its financial position and the results of its operations. Each fund is considered a separate accounting entity, accordingly, 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 funds are grouped in these financial statements into two generic fund types and two broad fund categories (account groups).

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

c. Fund Accounting: - (continued)

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) income from various fund raisers (3) program service revenue from renting Medic Alert units and providing Medicaid services, and (4) 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 produce related program service fees and fund raising income are charged as local program expenditures.

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

c. Fund Accounting: - (continued)

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 the 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.

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.

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

c. Fund Accounting: - (continued)

Medicaid Enrollment and Case Management
(continued)

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.

PCOA (Act 735)

PCOA (Act 735) 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. In fiscal year 1997, the Council transferred the PCOA funds to other programs to help provide additional revenue to meet program costs.

Van

The Van program is used to 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. An outside fund raising company (R & H Productions, L.L.C.) is used by the Council to solicit these donations. After the direct costs of the fund raiser are paid, R & H Productions, L.L.C. gets 50% of the "net" proceeds as its commission and the Council gets 50% of the "net".

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

c. Fund Accounting: - (continued)

Local Transportation

The Local Transportation program is used to account for money received from the cities of Slidell and Mandeville that is restricted for use in providing transportation services to elderly residents of the donor's respective city. In fiscal year 1997, all the revenues of this program were transferred to the Title III B fund to pay for transportation costs incurred in that fund for Slidell and Mandeville participants.

- Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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. Ombudsman funds are a component of the Title III B funds which are provided by the United States Department of Health and Human Services - Administration on Aging through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

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 the elderly. Title III B Supportive Services funds are provided by the United States Department of Health and Human Services - Administration on Aging through the Louisiana Governor's Office of Elderly Affairs which in turn "passes through" the funds to the Council.

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. Title III C administrative funds are provided by the United States Department of Health and Human Services - Administration on Aging through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. These funds are used to help pay for some of the administrative costs associated with operating the Title III and Senior Center programs.

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

c. Fund Accounting: - (continued)

- Special Revenue Funds - (continued)

Title III C-1 Congregate Meals Fund

The Title III C-1 Congregate Meals Fund is used to account for funds which are used to provide nutritional congregate meals to the elderly in strategically located centers. Title III C-1 funds are provided by the United States Department of Health and Human Services - Administration on Aging through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. During the year the Council served 35,676 meals to people eligible to participate in this program.

Title III C-2 Home Delivered Meals Fund

Title III C-2 Home Delivered Meals Fund is used to account for funds which are used to provide nutritional meals to home-bound older persons. Title III C-2 funds are provided by the United States Department of Health and Human Services - Administration on Aging through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. During the year the Council served 29,077 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-D funds are provided by the United States Department of Health and Human Services - Administration on Aging through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

Title III F Fund

The Title III-F Fund is used to account for funds used for disease prevention and health promotion activities including (1) equipment and materials (scales to weigh people, educational materials, and exercise equipment), (2) home injury control, (3) medication management, (4) mental health, (5) nutrition (assessment/screening, counseling, and education). The law directs the state agency administering this program to "give priority to areas of the state which are medically underserved and in which there are a large number of older individuals who have the greatest economic and social need." Title III-F funds are provided by the U.S. Department of Health and Human Services - Administration on Aging through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

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

c. Fund Accounting: - (continued)

- Special Revenue Funds - (continued)

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 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.

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 58 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.

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

c. Fund Accounting: - (continued)

- Special Revenue Funds - (continued)

Miscellaneous Grant

The Louisiana Legislature appropriated some special funds for various councils on aging throughout the state for fiscal year 1997. St. Tammany Council on the Aging, Inc. was one of the parish councils to receive a special 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.

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.

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

c. Fund Accounting: - (continued)

- Special Revenue Funds - (continued)

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 coordinates the receipt and disbursement of the FTA funds and the required matching funds from the Council. The Council did not acquire any vans under this program during the fiscal year, therefore, there was no activity in this fund to report. However, the Council has entered into two contracts with the Louisiana Department of Transportation & Development to acquire two new vans in fiscal year 1998.

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 (capital outlays) 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 expenditures in the government fund types when purchased.

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

d. Account Groups: - (continued)

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 measurenent 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.

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.

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

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 reflected in 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.

- 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 June 30 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.

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

g. Budget Policy: - (continued)

- All budgetary appropriations lapse at the end of each fiscal year (June 30).
- 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 15, 1997. 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.
- 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 it 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.
- Expenditures cannot legally exceed appropriations on an individual fund level.

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

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, 1997. 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. The Council's sick leave policy does not provide for the vesting of sick leave.

l. Related Party Transactions:

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

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.

In addition to these restricted assets, there is another restricted asset relating to a deposit ($11,976) made this year to purchase a vehicle under an FTA contract. This deposit represents the Council's share of matching funds.

Some of the restricted assets are invested in certificates of deposit because the cash is not needed to meet immediate needs.

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

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, 1997.

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

Intergovernmental

The Senior Center, PCOA (Act 735), Title III B, C-1, C-2, D, and F Funds are received as a monthly allocation of the total grant in advance of the actual expenditures, but are not susceptible to accrual as revenue until actual expenses are incurred.

FTA, Miscellaneous Grant, and Audit revenues are recorded as revenue when the actual cost has been incurred, and the grant reimbursement is measurable and available.

U.S.D.A. program funds are earned and become susceptible to accrual based upon the number of units of service (meals) provided to C-1 and C-2 program participants and are recorded as revenues at that time.

Revenues from the cities of Slidell and Mandeville for local transportation services are recorded in the period that the related transportation costs were incurred.

Program Service Fees

Program service fees result from renting Medic Alert units to program participants and become susceptible to accrual as revenue at the time the units are rented. Other program service fees are generated by the Council completing Medicaid enrollment applications and providing case management services. The Council may also sell meals occasionally to others that are not participants in the Title III C-1 or C-2 programs. Those revenues are recorded at the time the services are provided.

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

Public Support, Fund Raisers, and Miscellaneous Revenues

The Council encourages and receives contributions from clients to help offset the costs of the Title III-B, C-1, and C-2 programs. Utility assistance funds are provided from public donations. In addition, various fund raisers were held during the year to obtain funds to purchase vehicles, and offset costs of senior center activities. These funds are recorded as revenues when the cash is received because the Council cannot predict the timing of receipt and the amount it will receive.

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 consolidation account is to reduce administration costs and facilitate cash management. The consolidation account also allows those funds with available cash resources to cover any negative cash balances in other funds at year end.

The carrying amount of the Council's cash and investments (including demand deposit accounts and certificates of deposits) at June 30, 1997 was $155,498 whereas the related bank balances totaled $181,268. The difference in these amounts relates to checks written on demand deposit accounts which have not yet cleared the bank accounts. All bank balances were covered by federal depository insurance (Category 1).

Investments

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,
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,

Note 3 - Cash and Investments - (continued)

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, and
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.

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, 1997, investments consisted of the following:

Bank	Type Of Investment	Amount	Interest Rate	Maturity
Regions	C.D.	$ 13,000	5.12%	05-19-98
Regions	C.D.	10,100	4.88%	10-22-97
Regions	C.D.	17,554	4.88%	10-06-97
St. Tammany Homestead	C.D.	32,656	4.875%	09-11-97
St. Tammany Homestead	C.D	38,099	5.00%	06-12-98
Hibernia National Bank	C.D.	8,700	4.50%	04-14-98
St. Tammany Homestead	Passbook savings	4,563	2.55%	Demand
Total investments		$124,672		
Reserved for:				
Vehicle acquisition		(19,574)		
Slidell Senior Center Building		(20,770)		
Unreserved and undesignated investments		$ 84,328		

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. All of the above investments are classified as category 1 type investments according to GASB Statement 3 because they were fully covered by federal depository insurance.

Note 4 - Grants Receivable

Grants receivable at June 30, 1997, consisted of the following:

Program	Fund	Funding Agency	Amount
U.S.D.A.(Fy 97)	Special Revenue	GOEA	$10,662
U.S.D.A.(Fy 96)	Special Revenue	GOEA	2,582
Title III B - Ombudsman	Special Revenue	GOEA	1,826
Title III C - Administration	Special Revenue	GOEA	3,843
Title III F	Special Revenue	GOEA	1,697
			$20,610

Note 5 - Changes in Fixed Assets

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

	Balances 07-01-96	Additions	Deletions	Balances 06-30-97
Vehicles	$251,905	$ -	$ (24,442)	$ 227,463
Office furniture and equipment	40,103	2,758	(1,641)	41,220
Computer equipment and software	27,796	-	-	27,796
Recreation equipment	4,847	775	-	5,622
Building improvements	11,382	-	-	11,382
Nutrition equipment	8,023	250	-	8,273
Health maintenance equipment	1,077	-	-	1,077
Total general fixed assets	$345,133	$ 3,783	$ (26,083)	$ 322,833

Note 6 - Advances from Funding Agencies

This account represents funds, received in excess of allowable expenditures, that are to be returned to the funding agency. The amounts payable are as follows:

Program	Fund	Funding Agency	Amount
Title III D	Special Revenue	GOEA	$ 90
Ombudsman	Special Revenue	GOEA	771
Total advances from funding agencies			$ 861

Note 7 - 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 8 - In-Kind Contributions

The Council received various in-kind contributions during the year. Senior center/meal site facilities were furnished in Mandeville, LaCombe, Pearl River, and Covington to the Council without charge for rent. The Slidell Senior Center/meal site 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. 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.

However, the Council received contributions of fixed assets that could be valued objectively and, therefore, the Council has included their values in the financial statements. The items donated were a radio base unit, television set, and a microwave. The total in-kind value of these items was $1,575.

Note 9 - 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 10 - 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.

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 $5,101.

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 12 payments on this lease during fiscal year 1997.

Note 11 - 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 07-01-96	Net Additions (Deletions)	Balance 06-30-97
Accumulated unpaid vacation	$ 5,944	$ 231	$ 6,175
Total long-term debt	$ 5,944	$ 231	$ 6,175

Note 12 - Judgements, Claims, and Similar Contingencies

On July 8, 1997, a former employee of the Council filed a discrimination complaint with the Equal Employment Opportunity Commission (EEOC). The complaint stated that the employee was improperly discharged from his job because of his national origin and age. The Council responded to the EEOC's initial questions and on September 30, 1997, the EEOC dismissed the charge because it was unable to conclude that the Council violated the law based on the information the EEOC was provided.

There is no other litigation pending against the Council as of June 30, 1997. 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 13 - Federally Assisted Programs

The Council participates in a number of federally assisted 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 14 - Economic Dependency

The Council receives the majority of its revenue from funds provided through grants administered by the Louisiana 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 15 - 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 16 - Purchase Commitments

The Council has entered into two agreements with the Louisiana Department of Transportation and Development (DOTD) to purchase two new vans. The Council is responsible for matching 30% of the purchase price of each van. The Council has not yet remitted the required matching funds ($9,900) on one of the contracts but has had its bank issue an irrevocable letter of credit in favor of DOTD for the matching amount. The Council has remitted its matching funds ($11,976) on the other contract as of June 30, 1997. Both vans are expected to be delivered in fiscal year 1998.

Note 17 - Interfund Transfers

Operating transfers in and out are listed by fund for 1997:

	Operating Transfers In	Operating Transfers Out
General Fund	$ -	$ 56,231
Special Revenue Funds:		
Title III B-Services	72,383	-
Title III C-1	18,207	9,099
Title III C-2	66,137	-
USDA	-	53,214
Senior Center	691	34,374
Miscellaneous grant	-	4,500
Total special revenue funds	$157,418	$101,187
Total all funds	$157,418	$157,418

Note 18 - Interfund Loans

Because the Council operates most of its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant program. Such advances create short-term interfund loans. A summary of these interfund loans at June 30, 1997, were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$3,663	$ -
Special Revenue Funds:		
Title III C - Administration	-	1,819
Title III F	-	1,574
Title III B -Ombudsman	-	270
Total special revenue funds	-	3,663
Total all funds	$3,663	$3,663

SUPPLEMENTARY FINANCIAL INFORMATION

ST. TAMMANY COUNCIL ON THE AGING, INC.
SCHEDULE OF PROGRAM REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GENERAL FUND
For the year ended June 30, 1997

	Local	Senior Center Activities	Medicaid	PCOA (Act 735)	Van	Local Transportation	Totals
	Programs of the General Fund						
REVENUES							
Intergovernmental:							
Office of Elderly Affairs	$ –	$ –	$ –	$ 21,649	$ –	$ –	$ 21,649
City of Slidell	–	–	–	–	–	21,000	21,000
City of Mandeville	–	–	–	–	–	2,500	2,500
Interest income	4,274	769	–	–	1,075	–	6,118
Public support:							
Unrestricted donations	2,330	4,810	–	–	–	–	7,140
Restricted donations	–	–	–	–	55	–	55
Fund raisers:							
Dances	–	5,583	–	–	–	–	5,583
Raffles	–	910	–	–	–	–	910
Refreshment sales	–	1,675	–	–	–	–	1,675
Craft sales	–	190	–	–	–	–	193
Variety show	–	–	–	–	–	–	–
Program service fees:					29,948	–	29,948
Dept. of Health & Hospitals	–	–	2,505	–	–	–	2,505
Medic Alert rentals	1,681	–	–	–	–	–	1,681
Sale of meals	563	–	–	–	–	–	563
Miscellaneous:							
Facility rental	–	50	–	–	–	–	50
Other	61	–	–	–	–	–	61
In-kind contributions	1,575	–	–	–	–	–	1,575
Total revenues	10,484	13,990	2,505	21,649	31,078	23,500	103,206
EXPENDITURES							
Current:							
Salaries	–	–	213	–	–	–	213
Fringe	–	–	17	–	–	–	17
Travel	–	–	3	–	–	–	3
Operating services	3,009	9,887	–	–	52	–	12,948
Operating supplies	–	1,129	–	–	–	–	1,129
Other costs	318	5,516	–	–	–	–	5,834
Meals	72	–	–	–	–	–	72
Fund raising	–	–	–	–	25,411	–	25,411
Capital outlay	406	–	–	–	1,800	–	2,206
In-kind expense	1,575	–	–	–	–	–	1,575
Total expenditures	5,382	16,532	233	–	27,263	–	49,410
Excess of revenues over (under) expenditures	5,102	(2,542)	2,272	21,649	3,815	23,500	53,796
OTHER FINANCING SOURCES (USES)							
Operating transfers in	–	–	–	–	–	–	–
Operating transfers out	(8,648)	(460)	(1,974)	(21,649)	–	(23,500)	(56,231)
Proceeds from sale of fixed assets	4,890	–	–	–	–	–	4,890
Excess of revenues and other sources over (under) expenditures and other uses	1,347	(3,005)	298	–	3,815	–	2,455
FUND BALANCE (DEFICIT)							
Beginning of year	46,664	31,415	3,817	–	27,977	–	109,873
End of year	$ 48,011	$ 28,410	$ 4,115	$ –	$ 31,792	$ –	$ 112,328

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – SPECIAL REVENUE FUNDS

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

For the year ended June 30, 1997

	Title III–B Nursing Home Ombudsman	Title III–B Supportive Services	Title III Area Agency Admin.	Title III C–1	Title III C–2	Title III D	Title III F	Senior Center	U.S.D.A.	Audit	Misc. Grant	Utility Assistance	Totals
REVENUES													
Intergovernmental:													
ODEA	$ 10,168	$ 147,426	$ 29,109	$ 99,897	$ 76,869	$ 3,161	$ 5,090	$ 77,578	$ 41,372	$ 3,054	$ 4,500	$ –	$ 498,244
Public support – restricted:													
L.P.& L. (via LACCA)	–	–	–	–	–	–	–	–	–	–	–	130	130
CLECO (via LACCA)	–	–	–	–	–	–	–	–	–	–	–	4,370	4,370
WST Electric	–	–	–	–	–	–	–	–	–	–	–	972	972
Other general public donations	–	500	–	–	2,055	–	–	–	–	–	–	–	2,855
Client contributions	–	1,192	–	9,099	4,298	–	–	–	–	–	–	–	14,589
Program service fee:													
Sale of meals	–	–	–	15	–	–	–	–	–	–	–	–	15
Total revenues	10,168	149,118	29,109	109,012	83,522	3,161	5,090	77,578	41,372	3,054	4,500	5,472	521,176
EXPENDITURES													
Current:													
Salaries	5,783	92,143	18,391	24,855	51,991	752	960	28,190	–	–	–	–	$ 223,075
Fringe	479	7,325	1,476	2,061	4,373	53	79	2,214	–	–	–	–	18,380
Travel	913	1,132	1,952	1,803	11,466	4	5	361	–	–	–	–	17,458
Operating services	2,628	56,573	5,958	9,092	14,369	2,176	5	11,268	–	–	–	–	102,089
Operating supplies	250	16,695	338	1,481	2,576	21	–	1,130	–	–	–	–	22,593
Other costs	135	2,182	994	840	1,429	135	4,041	592	–	3,054	–	–	13,402
Meals	–	–	–	78,168	63,453	–	–	–	–	–	–	–	141,621
Capital outlay	–	–	–	–	–	–	–	–	–	–	–	–	–
Utility assistance	–	–	–	–	–	–	–	–	–	–	–	6,850	6,850
Full service	–	45,041	–	–	–	–	–	–	–	–	–	–	45,041
Total expenditures	10,188	221,501	29,109	118,120	149,659	3,161	5,090	43,895	–	3,054	–	6,850	590,627
Excess of revenues over (under) expenditures	–	(72,383)	–	(9,108)	(66,137)	–	–	33,683	41,372	–	4,500	(1,378)	(69,451)
OTHER FINANCING SOURCES (USES)													
Operating transfers in	–	72,383	–	18,207	66,137	–	–	691	–	–	–	–	157,418
Operating transfers out	–	–	–	(9,099)	–	–	–	(34,374)	(53,214)	–	(4,500)	–	(101,187)
Excess of revenues and other sources over (under) expenditures and other uses	–	–	–	–	–	–	–	–	(11,842)	–	–	(1,378)	(13,220)
FUND BALANCE (DEFICIT)													
Beginning of year	–	–	–	–	–	–	–	–	65,686	–	–	1,924	67,610
End of year	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 53,844	$ –	$ –	$ 546	$ 54,390

SCHEDULE OF PROGRAM EXPENDITURES - BUDGET VS. ACTUAL

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

For the year ended June 30, 1997

	Budget	Actual	Variance-Favorable (Unfavorable)
GENERAL FUND PROGRAMS			
LOCAL			
Salaries	$ 777	$ -	$ 777
Fringe	67	-	67
Travel	100	-	100
Operating services	2,785	3,009	(224)
Operating supplies	663	-	663
Other costs	46	318	(272)
Meals	-	72	(72)
Capital outlay	-	408	(408)
Transfers out to:			
Title III C-2	-	8,645	(8,645)
In-kind expenses (capital outlay)	-	1,550	(1,550)
Totals	$ 4,438	$ 14,002	$ (9,564)
SENIOR CENTER ACTIVITIES (INCLUDING BUILDING FUND)			
Operating services	$ 3,459	$ 9,887	$ (6,428)
Operating supplies	674	1,129	(455)
Other costs	5,023	5,516	(493)
Transfers to Title III C-2 from Mandeville funds	-	463	(463)
Totals	$ 9,156	$ 16,995	$ (7,839)
PCOA - ACT 735			
Transfers to other funds:			
Title III-B	$ 12,196	$ 8,036	$ 4,160
Title III-C (AAA)	973	-	973
Title III-C1	411	-	411
Title III-C2	7,648	12,922	(5,274)
Title III-D	421	-	421
Senior Center	-	691	(691)
Totals	$ 21,649	$ 21,649	$ -
MEDICAID*			
Salaries	$ -	$ 213	$ (213)
Fringe	-	17	(17)
Travel	-	3	(3)
Transfers out to Title III B	-	1,974	(1,974)
Totals	$ -	$ 2,207	$ (2,207)

* Budget was not required to be prepared

	Budget	Actual	Variance-Favorable (Unfavorable)
GENERAL FUND PROGRAMS (continued)			
VAN OPERATION AND ACQUISITION			
Operating services	$ 54	$ 52	$ 2
Capital outlay	1,800	1,800	-
Fundraising costs - direct:			
Production fees	13,309	13,309	-
Cost of the variety show	3,500	3,500	-
Commissions paid to R & H Productions, LLC	1,275	1,275	-
Postage	2,560	2,560	-
Telephone	2,176	2,176	-
Utilities	576	576	-
Rent	1,200	1,200	-
Insurance	295	295	-
Printing of tickets and envelopes	520	520	-
Totals	$ 27,265	$ 27,263	$ 2
LOCAL TRANSPORTATION			
Transfers to Title III B	$ 26,750	$ 23,500	$ 3,250
Totals	$ 26,750	$ 23,500	$ 3,250
SPECIAL REVENUE FUNDS			
TITLE III-B NURSING HOME OMBUDSMAN			
Salaries	$ 7,407	$ 5,783	$ 1,624
Fringe	627	479	148
Travel	1,184	913	271
Operating services	1,566	2,628	(1,062)
Operating supplies	132	250	(118)
Other costs	43	135	(92)
Totals	$ 10,959	$ 10,188	$ 771

Schedule 3
continued

	Budget	Actual	Variance- Favorable (Unfavorable)
SPECIAL REVENUE FUNDS (continued)			
TITLE III-B SUPPORTIVE SERVICES			
Salaries	$109,666	$ 92,143	$ 17,523
Fringe	9,515	7,535	1,980
Travel	2,019	1,132	887
Operating services	69,616	56,573	13,043
Operating supplies	15,988	16,895	(907)
Other costs	799	2,182	(1,383)
Full service:			
Homemaker services - The Medical Team	42,486	39,958	2,528
Legal Services - Southeast Louisiana Legal Services	4,971	5,083	(112)
Totals	$255,060	$221,501	$ 33,559
TITLE III C - AREA AGENCY ADMINISTRATION			
Salaries	$ 19,433	$ 18,391	$ 1,042
Fringe	1,952	1,476	476
Travel	1,357	1,952	(595)
Operating services	4,907	5,958	(1,051)
Operating supplies	423	338	85
Other costs	2,010	994	1,016
Totals	$ 30,082	$ 29,109	$ 973
TITLE III C-1			
Salaries	$ 22,492	$ 24,855	$ (2,363)
Fringe	1,950	2,061	(111)
Travel	1,479	1,603	(124)
Operating services	8,618	9,092	(474)
Operating supplies	1,401	1,481	(80)
Other costs	423	840	(417)
Meals:			
Raw food	42,630	43,211	(581)
Labor/non-edibles	30,870	34,977	(4,107)
Transfers out to:			
Title III C-2	-	9,099	(9,099)
Totals	$109,863	$127,219	$(17,356)

SPECIAL REVENUE FUNDS
(continued)

	Budget	Actual	Variance-Favorable (Unfavorable)
TITLE III C-2			
Salaries	$ 60,214	$ 51,991	$ 8,223
Fringe	4,772	4,373	399
Travel	14,213	11,466	2,747
Operating services	13,790	14,369	(579)
Operating supplies	2,336	2,578	(242)
Other costs	653	1,429	(776)
Meals:			
Raw food	42,630	35,007	7,623
Labor/non-edibles	30,870	28,446	2,424
Transfers out to Audit Fund	-	-	-
Totals	$169,478	$149,659	$ 19,819
TITLE III-D			
Salaries	$ 1,361	$ 762	$ 599
Fringe	117	63	54
Travel	47	4	43
Operating services	2,113	2,176	(63)
Operating supplies	21	21	-
Other costs	13	135	(122)
Totals	$ 3,672	$ 3,161	$ 511
TITLE III-F			
Salaries	$ 922	$ 960	$ (38)
Fringe	158	79	79
Travel	27	5	22
Operating services	8	5	3
Operating supplies	1	-	1
Other costs	3,974	4,041	(67)
Totals	$ 5,090	$ 5,090	$ -
SENIOR CENTER - SLIDELL			
Salaries	$ 20,197	$ 28,190	$ (7,993)
Fringe	1,747	2,314	(567)
Travel	-	381	(381)
Operating services	5,990	11,288	(5,298)
Operating supplies	-	1,130	(1,130)
Other costs	-	592	(592)
Transfers to:			
Title III B	49,644	34,374	15,270
Totals	$ 77,578	$ 78,269	$ (691)

	Budget	Actual	Variance-Favorable (Unfavorable)
SPECIAL REVENUE FUNDS (continued)			
U.S.D.A.			
Transfers to Title III C-1	$ 56	$ 18,207	$(18,151)
Transfers to Title III C-2	79,961	35,007	44,954
Totals	$ 80,017	$ 53,214	$ 26,803
AUDIT FUND			
Other costs	$ 3,054	$ 3,054	$ -
Totals	$ 3,054	$ 3,054	$ -
MISCELLANEOUS GRANT			
Transfers to Title III B	$ 4,500	$ 4,500	$ -
Totals	$ 4,500	$ 4,500	$ -
UTILITY ASSISTANCE			
L P & L Helping Hands	$ 150	$ 290	$ (140)
CLECO	3,000	5,330	(2,330)
WST Cares	800	989	(189)
LA Gas Heating Help	1,500	241	1,259
Totals	$ 5,450	$ 6,850	$ (1,400)

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS AND CHANGES IN GENERAL FIXED ASSETS

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

For the year ended June 30, 1997

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
General fixed assets:				
Vehicles	$251,905	$ -	$ (24,442)	$ 227,463
Office furniture and equipment	40,103	2,758	(1,641)	41,220
Computer equipment and software	27,796	-	-	27,796
Recreation equipment	4,847	775	-	5,622
Building improvements	11,382	-	-	11,382
Nutrition equipment	8,023	250	-	8,273
Health maintenance equipment	1,077	-	-	1,077
Total general fixed assets	$345,133	$ 3,783	$ (26,083)	$ 322,833
Investment in general fixed assets:				
Property acquired with funds from -				
FTA	$194,533	$ -	(19,554)	$ 174,979
Van fund raisers	57,372	-	(4,888)	52,484
State allocation funds (Act 735)	23,047	-	-	23,047
General funds and local donations	14,440	2,208	-	16,648
Title III B	2,907	-	(820)	2,087
Title III C-1	4,991	-	(821)	4,170
Title III D	828	-	-	828
Title III F	1,077	-	-	1,077
Title III G	299	-	-	299
Miscellaneous grant	13,576	-	-	13,576
Senior Center - Covington	12,145	-	-	12,145
Senior Center - Mandeville	586	-	-	586
Senior Center - Slidell	5,254	-	-	5,254
Senior Center - LaCombe	411	-	-	411
Title XX	879	-	-	879
In-kind donations	12,788	1,575	-	14,363
Total investment in general fixed assets	$345,133	$ 3,783	$ (26,083)	$ 322,833

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

For the year ended June 30, 1997

FEDERAL GRANTOR/PASS–THROUGH GRANTORS/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT YEAR ENDED	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	EXPENDITURES
U.S. Department of Health and Human Services – Administration on Aging					
Passed through the Governor's Office of Elderly Affairs:					
Special Programs for the Aging:					
Title III, Part B – Grant for Supportive Services and Senior Centers	93.044	06/30/97	$ 84,504	$ 84,504	$ 84,504
Title III, Part B – Ombudsman	93.044	06/30/97	9,318	8,663	8,663
Subtotal CFDA #93.044			93,822	93,167	93,167
Title III, Part C – Area Agency Administration	93.045	06/30/97	21,832	21,832	21,832
Title III, Part C – 1 – Nutrition Services – Congregate Meals	93.045	06/30/97	80,499	80,499	80,499
Title III, Part C – 2 – Nutrition Services Home Delivered Meals	93.045	06/30/97	28,717	28,717	28,717
Subtotal CFDA #93.045			131,048	131,048	131,048
Title III, Part D – In – Home Services for Frail Older Individuals	93.046	06/30/97	2,763	2,686	2,686
Title III, Part F – Disease Prevention and Health Promotion Services	93.043	06/30/97	5,090	5,090	5,090
Totals for U.S. Department of Health and Human Services – Administration on Aging			232,723	231,991	231,991
U.S. Department of Agriculture					
Passed through the Governor's Office of Elderly Affairs:					
Nutrition Program for the Elderly					
Fy 97 grant (1)	10.570	06/30/97	48,300	41,372	-
Fy 96 grant (2)	10.570	06/30/96	39,791	–	27,318
Fy 95 grant (3)	10.570	06/30/95	35,524	–	25,895
Subtotal CFDA #10.570			123,615	41,372	53,213
Totals for U.S. Department of Agriculture			123,615	41,372	53,213

(Schedule 5 Continued on Next Page)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

For the year ended June 30, 1997

FEDERAL GRANTOR/PASS-THROUGH GRANTORS/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT YEAR ENDED	PROGRAM OR AWARD AMOUNT	FEDERAL REVENUE RECOGNIZED	FEDERAL EXPENDITURES
U.S. Department of Transportation					
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 – 0023) (State project #736 – 99 – 0391)	20.500	N/A	27,944	–	–
FTA – Section 5310 – Elderly and persons with disabilities transportation capital assistance program (Federal project #LA – 16 – 0024) (State project #736 – 99 – 0464)	20.500	N/A	23,100	–	–
Totals for U.S. Department of Transportation			51,044	–	–
Total federal grants			$ 407,382	$ 273,303	$ 285,204

(1) Revenue recognized is more than expenditures because the revenue under this program was earned under a unit cost contract. Unspent revenue ($41,372) this year has been carried over to be used next year.

(2) There was still $39,791 of funds earned but not spent under the Fy 96 award. Those funds were carried over to Fy 97 and $27,318 was spent this year. $12,473 remained unspent and available for future years.

(3) $25,895 was carried over from prior year and consumed this year.

Note A – Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards 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.

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

June 30, 1997

A. SUMMARY OF AUDIT 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 condition was reported as 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 condition was reported as 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. Audit findings relative to the major federal award programs for the St. Tammany Council on the Aging, Inc. are reported in Part C of this Schedule.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)

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

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

   Special Programs for the Aging:

   - Title III, Part B - Grants for Supportive Services and Senior Centers; CFDA #93.044
   - Title III, Part B - Ombudsman; CFDA #93.044
   - Title III, Part C - Area Agency Administration; CFDA #93.045
   - Title III, Part C-1 - Nutrition Services - Congregate Meals; CFDA #93.045
   - Title III, Part C-2 - Nutrition Services - Home Delivered Meals; 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 to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Reportable Conditions - Material Weakness

#97-1 <u>Direct and Indirect Costs Are Being Allocated Using Inappropriate Methods</u>

Condition: The Council estimates how costs should be allocated when it prepares its annual budget. The estimates are based on prior experience and what is expected to happen in the upcoming year. As the costs are incurred, they are allocated primarily using the budget. Although actual events may support a different allocation of a particular cost, the Council will continue to follow the budget pattern.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)

Criteria: Costs should be allocated based on actual occurrences and not based on what the budget presents. Direct costs should be allocated to the program(s) to which they benefit and to which they are allowable under federal guidelines. Indirect costs should be distributed using an equitable allocation plan to all programs.

Effect: I noted some instances where I felt adjusting entries were required to reallocate costs. This resulted in reports that had been previously filed with GOEA not reflecting the correct results of certain programs. In particular, the Council will owe back to GOEA \$90 for unspent funds in the Title III D program and \$771 in the Title III B - Ombudsman program. The reports that had been previously filed by the Council for these programs showed nothing was owed back to GOEA for unspent funds of these two programs. There were no uncorrected material errors noted as a result of using improper cost allocation methods to my knowledge. However, management is not necessarily receiving the most accurate information about what each program is truly costing the Council to operate.

Cause: The Council's cost allocation plan is not efficient. For example, indirect costs should be recorded in an indirect cost pool and distributed to all programs using a formula based on each program's direct costs. Some direct costs are allocated as if they were indirect costs. Salary and wage costs are not distributed as they were actually incurred because the timesheets do not always have enough data to allow the distributions to be made based on actual events. These examples indicate that no one at the Council is familiar enough with the federal guidelines regarding cost allocation methods nor do they have enough bookkeeping experience to know how to design the accounting system to accommodate an efficient cost allocation plan.

Perspective: I have been recommending the Council change its method of cost allocation for the past few years. They have intended to do so but turnover at the director's position has resulted in this objective being unachieved. Some one needs to take responsibility for learning how to properly allocate costs and direct those employees involved in the process. Until stability is achieved in the director's position, this area probably won't be corrected as needed.

Questioned Costs: No material amounts of questioned costs resulted. I made adjustments to correct any improperly allocated costs that could have resulted in questioned costs.

Recommendation: The Council should implement an indirect cost pool and distribute costs charged to it using a direct cost per program formula. Direct costs should be allocated based on actual results and not based on how the budget said they should be allocated. The director should be responsible for learning how to do this process and to supervise employees involved in the process to verify that they understand what to do and that they are doing it. The director may need to attend training in this area, purchase books that discuss how to allocate costs, or to use our firm to help train him and other employees in this area.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 97-1 noted in section B hereabove is also 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 material findings that need to be reported in this section.

CORRECTIVE ACTION PLAN

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

June 30, 1997

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, 1997.

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, 1997.

The findings from the June 30, 1997 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. FINDINGS - FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITION - material weakness

Finding 97-1: Direct and indirect costs are being allocated using inappropriate methods.

Recommendation: The Council should implement an indirect cost pool and distribute costs charged to it using a direct cost per program formula. Direct costs should be allocated based on actual results and not based on how the budget said they should be allocated. The director should be responsible for learning how to do this process and to supervise employees involved in the process to verify that they understand what to do and that they are doing it. The director may need to attend training in this area, purchase books that discuss how to allocate costs, or to use our firm to help train him and other employees in this area.

CORRECTIVE ACTION PLAN
(continued)

Action Taken: In response to finding 97-1, I propose the following corrective actions:

The methods used by the Council to allocate costs to its programs will be studied to determine how to proceed in the current fiscal year (FY98) and future years. I agree that using an indirect cost pool and a formula to allocate those costs based on each program's pro rata share of direct costs is probably more effective and efficient. I plan to use the indirect cost pool for fiscal year 1999 but I am uncertain if implementing it in the middle of fiscal year 1998 will be too disruptive to the current year's bookkeeping process. I am aware of the cost allocation risks involved using our current system of cost allocation but plan to make some studies during the current year to ascertain if material allocation errors are occurring. It may be best, after doing my studies, to make it through the remainder of fiscal year 1998 using our current system, if I can be assured that any material cost allocation errors will not occur or be caught by implementing other temporary internal controls.

I will also read current federal circulars to improve my knowledge about what is required and expected in the area of cost allocation.

My staff will be trained using the new method for FY 99 and on what I adjust internally for FY 98 to minimize errors.

The CPA will be consulted as needed to help me design and implement an appropriate cost plan for FY 99.

C. FINDINGS - FEDERAL AWARD PROGRAM AUDITS

The finding, recommendation, and action taken that was described for finding 97-1 also applies for this section.

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

Sincerely,

Jimmy Corkern, Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
RELATIVE TO FEDERAL AWARDS PROGRAMS

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

June 30, 1997

DEPARTMENT OF HEALTH AND HUMAN SERVICES - ADMINISTRATION ON AGING - SPECIAL PROGRAMS FOR THE AGING

Finding No. 1 (page 58 FY 96 report):

Condition: Actual costs exceeded budget authorization in some instances.

Recommendation: Management should more closely monitor the relationship between actual costs and their budget amounts and amend the Council's budget when necessary to comply with the terms of its contract with GOEA or any other funding agency.

Current Status: This condition was not corrected in FY 97 because there were some instances where actual costs exceeded budget authorization. However, the condition was not corrected due to our intentional disregard of GOEA policy. Such policy requires a budget amendment when actual program costs exceed 10% of their budget amounts.

After the final budget amendment was adopted May 15, 1997, several reclassification entries were made in closing the books to shift costs amongst programs for year end purposes plus the auditor made some adjustments when he did the audit in August. When these adjustments took place, the time limit for amending the budget had passed. Therefore, we were unable to comply with the budget requirement in certain cases.

Finding No. 2 (page 59 Fy 96 report):

Condition:	The fixed asset subledger had not been fully updated and reconciled as of June 30, 1996.
Recommendation:	Additions to the subledger should match what are recorded as capital outlay expenditures on the general ledger. Any deletions or disposals of assets should be recorded on the subledger as they occur. The subledger should be reviewed by the director before year end to ascertain it has been properly reconciled. Any questions about updating the subledger should be brought to the auditor's attention so that he can provide guidance to the Council as to the proper way to update the subledger.
Current Status:	Improvement was made versus the prior year in that the subledger had been updated for most fixed asset additions and deletions. The auditor assisted us with updating the subledger for fixed assets that had been donated.

Finding No. 3 (page 60 Fy 96 report):

Condition:	There were errors in reports filed with GOEA.
Recommendation:	The director should review the final reports very thoroughly before they are submitted to GOEA to minimize any clerical errors in completing them. Implementation of the auditor's other recommendations can help reduce the risk that errors could occur within the general ledger and thereby reduce the risk of errors being made when completing the GOEA reports. Management should learn from the types of errors that were made this year and look specifically for these errors in the future. Finally, the auditor recommended that the director contact the Council's GOEA representative and alert her to the final report errors and determine whether or not any amended reports should be filed at this point in time.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
RELATIVE TO FEDERAL AWARDS PROGRAMS
(continued)

Current Status:	The 1997 year end reports filed with GOEA were substantially correct. However, after the auditor made some audit adjustments, this caused the amounts originally reported to be different. In most cases there was not any affect on amounts due from or to GOEA. However, the adjustments resulted in the Title III D program owing GOEA $90 and the Title III B - Ombudsman program owing GOEA $771.

Finding No. 4 (page 61 Fy 96 report):

Condition:	Some dietician costs allocated to the Title IIIF program were not documented.
Recommendations:	The person responsible for reviewing invoices before they are paid needs to pay close attention to how expenses are being coded by the accounting department and compare the coding to what the underlying documentation supports.
Current Status:	The dietician costs charged to Title III F this year were adequately documented. This condition has been corrected.

DEPARTMENT OF TRANSPORTATION - ELDERLY AND PERSONS WITH DISABILITIES TRANSPORTATION PROGRAM

Finding No. 5 (page 62 FY 96 report)

Condition:	A vehicle that was purchased with FTA funds was being improperly used.
Recommendation:	The Council's management needs to reallocate its vehicle usage to prevent this violation from recurring. If enough vehicles are not available to correct the noncompliance, the auditor recommended obtaining a waiver from the Louisiana Department of Transportation and Development until the situation can be corrected. A thorough knowledge of the rules and regulations accompanying the various grants is management's responsibility.

Current Status: This matter was corrected by the Council once the auditor brought the finding to our attention. No further instances were noted in the FY 97 audit.

1996 Other Findings

Although other findings were noted in the 1996 report by the auditor, they were labeled as immaterial and are not required to be described in this schedule.

EXIT CONFERENCE

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

June 30, 1997

The exit conference was held August 27, 1997, at the Council's administrative office in Covington, Louisiana. The conference was attended by Neil G. Ferrari, C.P.A., and Kristie Russ, Executive Director of the Council.

I reported to Mrs. Russ a reportable condition that I considered to be a material weakness in the Council's internal control along with other immaterial internal control weaknesses. I reported no material instances of noncompliance with laws, regulations, contracts and grant agreements, however, I mentioned some immaterial instances to her.

I also offered some recommendations to Mrs. Russ that were not related to any specific findings.

The reportable condition that I considered to be a material weakness in the Council's internal control is described in this report package. The minor weaknesses in the internal control, the immaterial instances of noncompliance, and my other recommendations have been reported to the Council's board of directors in a separate letter dated August 27, 1997.

Mrs. Russ acknowledged my findings and recommendations and stated that she would evaluate how to implement them. There were not any disagreements with the Council's management during the audit.

After the exit conference on August 27, 1997, Mrs. Russ resigned as the Council's director because her husband was transferred to another job location. Accordingly, I held a second exit conference with Jimmy Corkern, the director hired to replace Mrs. Russ. The conference was held on December 5, 1997, at the Council's administration office in Covington, Louisiana. I reviewed with Mr. Corkern the same items I had previously reviewed with Mrs. Russ on August 27, 1997. He acknowledged my findings and recommendations and stated he would evaluate how to implement them.

NEIL G. FERRARI

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MANAGEMENT LETTER

August 27, 1997

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. for the year ended June 30, 1997, and have issued my report dated August 27, 1997. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under Generally Accepted Auditing Standards and OMB Circular A-133

As stated in my engagement letter dated June 11, 1997, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because I did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by me.

As part of my audit, I considered the internal control of the St. Tammany Council on the Aging, Inc. Such considerations were for the purpose of determining my audit procedures and to report on the internal control in accordance with OMB Circular A-133 and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the St. Tammany Council on the Aging, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on overall compliance with such provisions. Also, in accordance with OMB Circular A-133, I examined, on a test basis, evidence about the St. Tammany Council on the Aging, Inc.'s compliance with requirements applicable to major federal award programs for the purposes of expressing an opinion on the St. Tammany Council on the Aging, Inc.'s compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the St. Tammany Council on the Aging, Inc. are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 1997. I noted no transactions entered into by the St. Tammany Council on the Aging, Inc. during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's current judgements. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgements.

Except for the donation of 3 fixed assets, management did not assign any values to in-kind contributions during the year because objective data was not obtained to do so. However, disclosure was made in a footnote to the financial statements about the nature and types of in-kind donations received during the fiscal year that were not valued for recording in the financial statements.

Management also used estimates to allocate certain indirect costs amongst programs. These estimates were based on prior experience and budgeted amounts in some cases. Although this is not the proper method to allocate indirect costs, I do not believe the financial statements were materially affected using these estimates.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that , in my judgement, may not have been detected except through my auditing procedures. These adjustments may include those proposed by me but not recorded by the St. Tammany Council on the Aging, Inc. that could potentially cause future financial statements to be materially misstated, even though I have concluded that such adjustments are not material to the current financial statements.

During the audit I proposed adjustments for the following reasons:

- Several transfer entries were made to reclassify money amongst funds to zero out profits or losses in the special revenue funds.
- I made journal entries to record amounts that were unearned under the Title III-D ($90.58) and Ombudsman ($770.64) grants awarded by GOEA. These were funds received but for which allowable costs were not incurred to permit the Council to recognize the income.
- I made adjustments to properly record the year end receivables and annual revenues earned under the USDA program and from the City of Slidell.
- I had to reverse and correct some of the year-end entries your staff had made when closing the books.
- There were reclassification adjustments needed to properly classify certain revenues and expenses for report presentation purposes.
- An entry was made to record the in-kind contribution of 3 fixed assets for which objective valuation data had been obtained.
- Entries were made to adjust the amounts in the general fixed assets and general long-term debt account groups.
- An entry was made to set up a vehicle deposit versus showing the amount as a capital outlay expenditure because the vehicle was not received in fiscal year 1997.
- Interest income was reallocated to the General Fund in cases where it did not have to be allocated to one of the special revenue funds.
- Entries were made to record interest income that had not been recorded on a Region's Bank CD.

These adjustments were accepted by management. In my judgement, some of these audit adjustments, either individually or in the aggregate, could have had a significant effect on the St. Tammany Council on the Aging, Inc.'s financial statements if they had not been made.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Consultations with Other Independent Accountants

To the best of my knowledge, management has not consulted with or obtained opinions from other independent accountants during the past year that are subject to the requirements of Statement on Auditing Standards No. 50, "Reports on the Application of Accounting Principles."

Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the St. Tammany Council on the Aging, Inc.'s auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing my audit. Everyone was very cooperative.

Action Taken on Prior Year Findings & Recommendations

Last year I noted five reportable conditions. In this year's audit report on pages 56 to 59 I have restated the findings briefly, mentioned what I recommended, and provided your comments about whether or not these findings were corrected. I feel your responses to the prior year recommendations reasonably reflect what occurred during fiscal year 1997. I refer you to the audit report package for information about prior year findings rather than restating the same information again in this letter.

Current Year Findings & Recommendations

Reportable Condition

In the audit report package on pages 51 to 53, I have described a reportable condition relating to this year's audit. This is a significant finding that deserves your attention and you should read my discussion about it.

Immaterial weaknesses in internal control

IC 1: In last year's audit I discovered that GOEA had not sent the Council one month's reimbursement for the USDA program. Upon follow up, GOEA confirmed what I had found and said it would forward the Council a check for $2,582. According to my analysis this year, no check was ever received by the Council. Someone at the Council should have continued to follow up on collecting this money. In addition, there was $299.82 of case management fees not collected from last year that I have written off this year. Failure to collect money that has been accrued as a fee earned or reimbursement for costs incurred indicates an internal control weakness. The director should assign specific responsibility for collecting money due the Council and follow up personally when 60 days have elapsed without the Council having collected the money it is owed.

IC 2: Although the Council made an attempt to update the fixed asset subledger, I still noted a couple of errors in the update process that indicated to me that this area of internal control needs improvement. I recommend that specific responsibility be assigned to someone to do this and the director follow up to see that it is properly done on a quarterly basis. There exists a risk that the director may not understand what needs to be done to update the fixed asset subledger and how it should balance with the general ledger. Accordingly, if this is the case, then the director should contact me and learn what he needs to do in his review of this control.

IC 3: Collections for Title III C-2 donations should be deposited by the site which collects the money rather than being picked up by someone, taken to the main office in Covington, and deposited from that location. There is too much risk that something could go wrong with the collected funds before they are deposited in the bank. If C-2 collections are deposited in a similar manner as are the C-1 collections, I feel the procedure could be improved and reduce the risk of losing money. After the C-2 deposit has been made, the nutrition project director can compare the deposit slip amount to the collection report prepared by the site manager to detect any differences.

IC 4: In my test of 14 payroll transactions, I noted two instances where an employee was paid an incorrect amount. In one of the instances the employee was paid for 27.5 hours whereas the timesheet showed actual hours worked were 32.5. The employee made $4.75 per hour, therefore, he was underpaid $23.75. The employee should be paid the difference if he has not been paid for the error already. In the second instance, an employee who was being paid hourly took 15 hours off without pay. Instead of just multiplying the actual number of hours worked by the employee's wage rate, a ratio was calculated using hours worked as the numerator and the total possible hours that could be worked as the denominator. The ratio was multiplied by an amount that would have been the employee's gross salary for the pay period as if no time had been taken off. As a result of using an incorrect method to calculate the employee's gross pay, this employee was paid $20.25 too much. The correct way to compute an employee's pay in instances like this should be communicated to the person preparing the payroll. The director should be alert to unusual instances in payroll and double check payroll calculations. If in doubt as to how to correctly calculate an abnormal paycheck, the director should research the matter and document why and how the paycheck amount was calculated.

Immaterial Instances of Noncompliance With Laws, Regulations, Contracts, and Grant Agreements

NC 1: The Council did not submit its final fiscal year 1997 reports for USDA, inventory, and in-kind contributions by July 31, 1997. GOEA requires these reports be submitted by this date. This instance of noncompliance had no effect on any federal award program. The Council's director is responsible for ensuring that reports are filed on time. I recommend that the director pay closer attention to see that this is done in the future.

Immaterial Instances of Noncompliance With Laws, Regulations, Contracts, and Grant Agreements:
(continued)

NC 2: It is my understanding that at least 5% of Title III B funds (after subtracting state transportation funds) are to be used for legal assistance. For fiscal year 1997, Title III B funds received were $147,426 which included $35,796 of state transportation funds. Total legal costs for the year were $5,083. When I calculated the 5% minimum, I got $5,582 ($147,426 - $35,796 = 111,630 x 5%). The Council appears to have fallen short of the earmarking requirement by $499. The amount involved is not material to any federal award program. The Council's director should follow up with GOEA to determine if a violation has in fact occurred. I want to note that GOEA approved the Council's budget were $4,971 had been budgeted for legal costs. Therefore, the budget that was approved did not meet the 5% minimum either.

NC 3: There were several instances noted where actual costs exceeded authorized budget limits. The programs and expense categories where this occurred are as follows:

Program	CFDA #	Expense Category	Actual Cost	Budget +10%	Questioned Costs
Ombudsman	93.044	Operating services	$2,628	$1,723	$ 905
Ombudsman	93.044	Operating supplies	250	145	105
Ombudsman	93.044	Other costs	135	47	88
Title III C-Admin.	93.045	Travel	1,952	1,493	459
Title III C-Admin.	93.045	Operating services	5,958	5,398	1,019
Title III C-1	93.045	Salaries	24,855	24,741	114
Title III C-1	93.045	Other costs	840	465	375
Title III D	93.046	Other costs	135	14	121
Senior Center	N/A	Salaries	28,190	22,217	5,973
Senior Center	N/A	Fringe	2,314	1,922	392
Senior Center	N/A	Travel	381	-	381
Senior Center	N/A	Operating services	11,288	6,589	4,699
Senior Center	N/A	Operating supplies	1,130	-	1,130
Senior Center	N/A	Other costs	592	-	592

GOEA requires that the Council amend its budget when this situation occurs. I also mentioned this finding in last year's audit report. The budget violations do not materially affect any federal award program. The Council's director should ensure that similar instances do not occur in fiscal year 1998.

This information is intended solely for the use of the Council's Board of Directors, management, Governor's Office of Elderly Affairs, and the Legislative Auditor of the State of Louisiana and should not be used for any other purpose.

Sincerely,

Neil Ferrari

Neil G. Ferrari
Certified Public Accountant

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I have received and reviewed the 1997 audit report, as well as the Management letter. Although I was not the director last contract year, nor was I here during the audit, I have researched each of the auditor's findings and have found them to be accurate and clearly stated. Below is my response and plan of action to the reportable condition found within the audit Report. Also included is my response to the findings noted in the CPA's management letter.

REPORTABLE CONDITION - material weakness

Finding 97-1: Direct and indirect costs are being allocated using inappropriate methods.

Upon reviewing and researching this condition I do agree with the findings of Mr. Ferrari. The present way costs are allocated appears to be inefficient. Concerning unspent funds due back to GOEA, this also appears to be accurate and due to inaccurate allocation methods. As noted by Mr. Ferrari the staff will need further training on costs allocation to effectively administer any new procedure. Mr. Ferrari has offered to assist in developing this process and in training staff. I will work closely with Mr. Ferrari in developing these new procedures to ensure that the methods put into place are as efficient and appropriate as possible. All staff involved with this process will receive proper training to ensure their ability to allocate costs correctly. The staff receiving training will include the Bookkeeper, Assistant Director, as well as myself. The training will cover federal guidelines regarding costs allocation, implementation of the new cost allocation method, general bookkeeping, and any other training that may be needed. I will begin working with Mr. Ferrari to develop the new methods as soon as he becomes available. Please be assured that this is a matter that will be addressed and resolved as soon as possible.

In regards to the unspent funds that appear to be due GOEA; There are a few details I wish to research further. As soon as I have completed my investigation I will be contacting GOEA as to their recommendations concerning this matter.

MANAGEMENT LETTER RESPONSES

Immaterial weaknesses in internal control

IC 1: A thorough check is being made to ensure the funds in question were not received. It is probable that the CPA's findings on this are correct. GOEA will be contacted about the uncollected funds, as well as the unspent funds mentioned in the audit report, when all research concerning these funds is complete. The responsibility of ensuring the collection of money due the agency has been placed on the bookkeeper. The bookkeeper will then notify me when money due was not received. I will then take the needed action to secure the funds due.

IC 2: As with IC 1, Mr. Ferrari's finding and recommendations appear accurate. The responsibility for updating the fixed asset subledger and ensuring its balance with the general ledger has been assigned to the bookkeeper. I will check the ledger on a quarterly basis to ensure it remains up to date and accurate. I will also contact Mr. Ferrari to ensure that both the bookkeeper and myself have the needed information and knowledge to properly complete this ledger along with its effect on the general ledger.

IC 3: The collection and donation policies for Title III C-1 and C-2 both need revision. New policies for the collection and depositing of donations will be written and implemented in the near future. I will be writing these policies--Mr. Ferrari will be contacted for his input and recommendations prior to implementation.

IC 4: The first employee in question that was underpaid has been reimbursed. In the second instance an incorrect formula was used to calculate the employee's pay. This procedure to determine abnormal paychecks has been changed. The proper way to calculate these paychecks has been relayed to the proper persons. I will check calculations each month prior to my approval of payroll.

Immaterial Instances of Noncompliance with Laws, Regulations, Contracts, and Grant Agreements.

NC 1: The USDA, inventory, and in-kind contributions reports were not sent off by the deadline of July 31, 1997. Although not sent off on time, these reports have since been sent off to GOEA. I cannot speak for the previous director as to why these reports were not filed. However, I will be responsible for ensuring reports are completed and filed on time in the future.

NC 2: After researching this situation I do agree with Mr. Ferrari's findings. The budget did not meet the 5% requirement for legal assistance. GOEA, however, did approve this budget although it did not meet this requirement. I will be contacting GOEA about this situation, as well as the others previously mentioned, as soon as the investigations into the other issues are complete.

NC 3: I also agree with these findings, there were several instances where costs exceeded budget limits. Employees responsible for control of programs and funds will be monitoring these programs and categories to ensure they operate within budgetary limits. I will in turn be responsible for double checking these programs and making budget revisions as needed.

In Conclusion the above mentioned issues all occurred prior to my taking over as director, and therefore, of course, out of my control. I will, however, see that each of these issues are resolved and changes implemented to ensure they do not reoccur. Please give me a call with any questions you may have concerning these issues or the corrective action plan.

Sincerely,

Jimmy Corkern Jr
Executive Director, STCOA