

Financial Report
The Tangipahoa Voluntary Council on Aging
Amite, Louisiana
June 30, 2004

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

Release Date 2-23-05

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**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

June 30, 2004

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MANAGEMENT'S DISCUSSION AND ANALYSIS
The Tangipahoa Voluntary Council on Aging
June 30, 2004

The following discussion and analysis of The Tangipahoa Voluntary Council on Aging's (the Council) financial performance provides an overview of the Council's financial activities for the year ended June 30, 2004. This document should be read in conjunction with basic financial statements, which follow. This discussion and analysis does not include comparative data for prior years for the government-wide financial statements, since this information is not available for the first year of implementation for Government Accounting Standards Board (GASB) Statement Number 34. Future years will include a comparative analysis of government-wide data.

FINANCIAL HIGHLIGHTS

- The Council showed an increase in overall net assets of \$48,233, or 36.5% this year.
- Net Capital Assets of the Council rose by \$75,293, or 114.5%.
- The Council's revenue, on a modified accrual basis, increased by \$75,861, or 12.9%.
- Expenditures, on a modified accrual basis, increased by \$82,409, or 13.6%.
- The unreserved, undesignated fund balance for the Council's General Fund was \$42,023 at year-end, which is a \$2,824 decrease from prior year.
- No deficit fund balances existed at year-end.

HOW TO USE THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 17 and 18) provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. Fund financial statements begin on page 20. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance about Supplementary Financial Information required by GOEA that follow later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS

Management analysis of the Council as a whole begins on page 5. An important point to consider is, whether or not the Council's finances as a whole, are better or worse off as a result of the year's activities. The Statement of Net Assets and the Statement of Activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide statements, found on pages 17 and 18, report the Council's net assets and changes in them. The Council has restricted net assets of 5,644, which must be used for specific purposes, whereas \$33,533 of the net assets are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of the years' activities. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of six primary programs that include supportive social services, nutritional services, disease prevention and health promotion, family caregiver support, senior citizen activities, and special event fundraisers. All activities of the Council are considered to be governmental activities. Subprogram activities are also presented to

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

facilitate additional analysis. A governmental activity is usually one where the Council uses money it receives from government grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. However, there are some programs where the Council does charge small fees for some of its services, but does not view these fees as business-type activities because the intent is not to make a profit or recover the full cost of providing the services.

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

The Fund Financial Statements on pages 20 to 22 provide detailed information about the most significant funds, not the Council as a whole entity. In the Fund Financial Statements, there are column presentations for a General Fund, five Special Revenue Funds that have been determined to be "Major Funds," and a column for the total of all remaining Special Revenue Funds, which are deemed to be "Nonmajor Funds." The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are legally restricted to expenditure for specified purposes. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

presented in a reconciliation on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader should read the notes to the financial statements beginning on page 23 before making assumptions or drawing conclusions about the Council's financial condition.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

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

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

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

OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

The following table reflects condensed information on the Council's net assets for 2004. Comparative 2003 data was not available this year, but will be presented next year.

	<u>2004</u>
Current Assets	\$ 52,750
Capital Assets, net of depreciation	<u>141,077</u>
Total Assets	<u>193,827</u>
Current Liabilities	<u>13,573</u>
Total Liabilities	<u>13,573</u>
Net Assets:	
Invested in Capital Assets	141,077
Restricted	5,644
Unrestricted	<u>33,533</u>
Total Net Assets	<u><u>\$ 180,254</u></u>

As of June 30, 2004, the Council "as a whole" had assets greater than its liabilities of \$180,254. About 18.6% of the Council's total net assets are unrestricted as of June 30, 2004. It is important that the Council have unrestricted net assets so that it will have resources available to adapt to changes in the economy, emergencies, unexpected needs, and reductions in or termination of grant revenues by government agencies.

The Council's restricted net assets represent about 3% of the Council's total net assets. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them. For 2004, there is no debt that has been subtracted from the capital asset amounts. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps assure that decreases in the Council's future revenues will not impact its ability to provide a certain level of service to clients and program participants.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The total current liability amount of \$13,573 includes a liability for compensated absences of \$8,490, which represents what the Council owed to its employees as of year-end for unused vacation leave. If employee vacation patterns are similar from year to year and if the number of employees remains about the same, the amount owed at year-end will not change significantly from year to year. Last year's amount was \$6,133. This liability could adversely affect the Council's financial position if layoffs of a significant portion of the work force were to occur. This event would trigger the immediate payment of unused vacation to the terminated employees resulting in the Council having to use unrestricted net assets to make the payments.

The table presented on the next page illustrates the revenues and expenses that caused the increase in net assets for FY 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	<u>2004</u>	<u>% of Total</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 21,941	3.32%
Operating Grants and Contributions	343,352	51.89%
Capital Grants and Contributions	98,997	14.96%
General Revenues:		
Unrestricted Grants and Contributions	196,553	29.70%
Interest Income	850	0.13%
Total Revenues	<u>661,693</u>	<u>100.00%</u>
<u>Direct Program Expenses of the Health, Welfare and Social Services Function</u>		
Supportive Services:		
Priority Services:		
Transportation of the elderly	172,676	28.15%
Homemaker	29,332	4.78%
Personal Care	1,191	0.19%
Information and Assistance	7,470	1.22%
Outreach	1,548	0.25%
Telephoning	4,022	0.66%
Non-priority Services	31,984	5.21%
Nutrition Services:		
Congregate Meals	58,412	9.52%
Home-Delivered Meals	57,735	9.41%
Disease Prevention and Health Promotion	2,657	0.43%
Family Caregiver Support	1,206	0.20%
Senior Activities	2,647	0.43%
Finance Charges	1,007	0.16%
Special Event Fundraiser	1,186	0.19%
Direct Administrative Expenses	<u>240,387</u>	<u>39.19%</u>
Total Expenses	<u>613,460</u>	<u>100.00%</u>
Increase in Net Assets	<u>48,233</u>	
Net Assets, beginning of the year	<u>132,021</u>	
Net Assets, end of the year	<u><u>\$ 180,254</u></u>	

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

The Council had a \$48,233 increase in its net assets for the year primarily due to the difference (\$75,293) in how capital outlay expenditures and depreciation expense are accounted for between the government-wide and fund financial statements. There is a reconciliation that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances that presents an analysis of why there are differences between that fund statement and the government-wide Statement of Activities. On that reconciliation, the accounting difference of \$75,293 is explained in detail. If you were to eliminate the positive effect of this reconciling item, the Council did not do as well as it may appear.

In future years, a more in-depth comparative analysis of revenues and expenses will be presented. The comparative information for fiscal year 2003 is not available because this is the Council's first year to implement GASB 34's reporting requirements.

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

Most of the Council's activities are funded by federal, state, and local grants, which comprise the Council's intergovernmental revenues. The total of these types of grants was \$523,413 and represent about 79% of the revenues of the Council in 2004. Most of these grants are restricted, which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues of \$113,840 represented about 17% of the total revenues for 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Program service fees of \$21,941 represent approximately 3.3% of the total revenues for 2004. The majority of program service fees are for the elderly transportation program.

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are related to transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Tangipahoa Parish. There is a high demand for these services; therefore, resources are allocated to meeting the demand.

One indication of how money is used efficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2004, total administration expenses were \$240,387, or 39% of total expenses.

Note that most of the governmental activities have more expenses than revenues. This is expected and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. Operating-specific type grants from Capital Area Agency on Aging (CAAA) are paid to the Council based on a contracted amount per qualified unit of service the Council provides, up to a maximum number of units, for each program activity. When the Council is able to provide the required number of units for less than the contracted amount, the Council is able to use the excess money to support other programs as needed. The special event fundraiser was, of course, intended to raise money to be used to support the activities of the Council.

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

Fund Balances

The Council showed a combined governmental fund balance of \$47,677 (as shown on the Fund Financial Statement's Balance Sheet on page 20 at the end of this year, which is a decrease of \$24,704 from 2003. When you look at the funds individually, you will see that the Council's General Fund decreased by \$23,613 this year, while the Special Revenue Funds had a combined fund balance decrease of \$1,091.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The primary reason for the decrease in the General Fund balance this year is because the Council acquired four new vans for its transportation program. The Council only had to put up a portion (20%) of each van's cost, but the total expended amount was \$23,071. Financially, this was a good idea because the federal government paid for the remaining cost of each van. However, to take advantage of this capital assistance program, the Council had to use a portion of its prior year fund balance. If we had not elected to acquire the vans this year, the decrease in the General Fund would have only been \$542, which in substance results in a break-even year for the Council.

Revenues

The combined fund revenues increased \$75,861 this year versus last year, as shown in the table below.

	<u>FY 2004</u>	<u>FY 2003</u>	<u>Increase/ (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Intergovernmental	\$ 523,413	\$ 428,219	\$ 95,194	22.23%
Public Support	113,840	109,303	4,537	4.15%
Program Service Fees	21,941	45,324	(23,383)	-51.59%
Interest Income	1,020	1,342	(322)	-23.99%
Miscellaneous	<u>1,480</u>	<u>1,645</u>	<u>(165)</u>	-10.03%
Total Revenues	<u>\$ 661,694</u>	<u>\$ 585,833</u>	<u>\$ 75,861</u>	12.95%

The primary reason for the increase in intergovernmental revenues is the \$98,997 in capital grants received in FY 2004 for the purchase of four new transportation vans with a total cost of \$114,770. No similar type grants were received in FY 2003.

The primary reason for the decrease in program service fees this year is that the Council had a contract that ended late in FY 2004 to provide transportation services to non-elderly clients.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Expenditures

Total expenditures increased by \$82,409 this year, as shown in the table below.

	<u>FY 04</u>	<u>FY 03</u>	<u>Increase/ (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Personnel	\$ 361,296	\$ 375,935	\$ (14,639)	-3.89%
Fringe	43,687	44,679	(992)	-2.22%
Travel	6,405	6,210	195	3.14%
Operating Services	71,656	61,974	9,682	15.62%
Operating Supplies	31,352	24,676	6,676	27.05%
Other Costs	17,380	17,811	(431)	-2.42%
Meals	19,499	11,024	8,475	76.88%
Uility Assistance	20,171	23,041	(2,870)	-12.46%
Medicine Assistance	182	2,114	(1,932)	-91.39%
Capital Outlay	<u>114,770</u>	<u>36,525</u>	<u>78,245</u>	<u>214.22%</u>
Total	<u>\$ 686,398</u>	<u>\$ 603,989</u>	<u>\$ 82,409</u>	<u>13.64%</u>

Personnel costs and related fringe decreased because some positions were not filled when they became vacant. Higher insurance premiums were the primary reason for the increase in operating services and higher gasoline costs were the primary reason for the increase in operating supplies. We also were assessed more meal costs by Capital Area Agency for meals we served to our clients in FY 2004 than in FY 2003. As explained previously, we purchased four new vans this year, which is an unusually large amount of vans for us to acquire in one year. However, a local transportation provider in our parish went out of business and we are now having to gear up to meet an increase in the demand for transportation services. This accounts for the large increase in capital outlay expenditures over last year.

AN ANALYSIS OF THE GENERAL FUND BUDGET

Over the course of this past fiscal year, the budget was amended one time. The amendment was approved at a Board of Directors meeting on February 19, 2004. The amendment effectively approves any expenditure that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA and Capital Area Agency.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A schedule of the original and amended budgets for the General Fund can be found in the Supplementary Financial Information Required by GASB Statement 34 section of this report on pages 59 to 64. When reviewing the budget versus actual schedule, the reader will note that the decrease in the General Fund balance was less than anticipated when the budget amendment was prepared.

When comparing the original budget to the final General Fund budget, the only changes had to do with (1) intergovernmental revenues, as a result of us being notified by GOEA we would be receiving more PCOA money this year, and (2) transfers out, which were lowered because we expected to not have to spend as much money in some of our special revenue fund programs.

When comparing the final budget to actual results, the Council ended up with a favorable variance of \$4,318, which is a relatively small variance (2.5%) of the total General Fund revenues. The Council received its first quarter FY 2005 payment (\$11,250) from the Tangipahoa Parish Council before the end of FY 2004 and the Council spent \$6,456 more on capital outlay than it had expected. When you net these two items, the result is \$4,794, which essentially comprises the budget variance of the General Fund this year.

ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

Net capital assets increased by \$114,770 for the four new vans purchased during FY 2004, and decreased by the current year's depreciation of 39,477, for a net increase of \$75,293, as shown below.

<u>Capital Assets, Net of Depreciation</u>			
	<u>6/30/2004</u>	<u>6/30/2003</u>	Increase/ (Decrease)
Vehicles	\$ 120,394	\$ 42,546	\$ 77,848
Office furniture	733	1,388	(655)
Computer equipment	573	860	(287)
Nutrition equipment	0	0	0
Leasehold improvements	<u>19,377</u>	<u>20,990</u>	<u>(1,613)</u>
	<u>\$ 141,077</u>	<u>\$ 65,784</u>	<u>\$ 75,293</u>

More detailed information can be found about the Council's capital assets in Notes 1 and 4 to the financial statements. Also, we have previously discussed in this section the impact of the acquisition of four new vans this year. At year-end the Council owned 13 vans, 2 of which were idle and awaiting to be sold.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Council does not have any long-term debt related to its capital assets and does not like to incur any as a matter of policy. The nature and effects of the compensated absence liability has been addressed elsewhere in this document.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for FY 2005, it was important that at least the same level of service be delivered to clients and the public as were provided in FY 2004. All of the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2005. There have been no significant changes to the funding levels or terms of the grants and contracts. Accordingly, the initial budget has been set to provide the same programs and levels of service next year. CAAA has also approved the Council's budget for next year. There are no plans to add any significant programs for next year, except that the Council will begin to provide transportation to the general public under the Section 5311 program. Accordingly, transportation costs are expected to increase and so will program revenues for transportation.

The Council plans to buy another van next year. It is important to maintain a fleet of reliable vehicles. The Council's match for the van will cost approximately \$6,615. This expenditure has been factored into next year's budget.

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Debi Fleming, Executive Director, at 106 North Bay St., Amite, LA 70422 or by phone (985) 748-7486.

NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

14481 OLD HAMMOND HIGHWAY, SUITE 4

BATON ROUGE, LA 70816

(225) 272-1177

MEMBER OF THE
SOCIETY OF LOUISIANA CPAs

MEMBER OF THE
AMERICAN INSTITUTE OF CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
The Tangipahoa Voluntary Council on Aging
Amite, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Tangipahoa Voluntary Council on Aging, Amite, Louisiana, (the Council) as of and for the year ended June 30, 2004, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1c to the financial statements, the Council has implemented a new financial reporting model, as required by the provisions of GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of July 1, 2003.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 18, 2004, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Management's Discussion and Analysis on pages 1 through 13 and budgetary comparison schedules on pages 59 through 64 are supplementary information required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs. None of the required supplementary financial information is required to be a part of the Council's basic financial statements. However, all of this supplementary information has been subjected to the auditing procedures I applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baton Rouge, Louisiana,
August 18, 2004.

Neil Ferrari, CPA

Neil G. Ferrari, CPA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A

STATEMENT OF NET ASSETS
The Tangipahoa Voluntary Council on Aging
Amite, Louisiana
June 30 , 2004

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 42,706
Receivables:	
Capital Area Agency on Aging	7,623
City of Amite	1,143
Town of Kentwood	200
Medicaid	1,078
Total current assets	<u>52,750</u>
Capital assets, net of accumulated depreciation	<u>141,077</u>
Total Assets	<u>193,827</u>
LIABILITIES	
Current Liabilities:	
Accounts payable to Capital Area Agency on Aging	336
Unused contribution due back to United Way	2,302
Deferred revenue - EFSP grant	2,445
Compensated absences - unpaid accumulated vacation leave	8,490
Total current liabilities	<u>13,573</u>
NET ASSETS	
Invested in Capital Assets	141,077
Restricted for:	
Utility Assistance	4,361
Medicine Assistance	1,283
Unrestricted	<u>33,533</u>
Total Net Assets	<u>\$ 180,254</u>

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

EXHIBIT B

STATEMENT OF ACTIVITIES

The Tangipahoa Voluntary Council on Aging
Amite, Louisiana
For the year ended June 30, 2004

Functions/Programs	Program Revenues			Capital Grants and Contributions	Total Governmental Activities	Net (Expense) Revenue and Increase (Decrease) in Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services			
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the elderly	\$ 172,676	\$ 108,695	\$ 16,012	\$ 91,742	\$ 98,997	\$ (74,620)
Homemaker	29,332	23,486	0	25,100	0	(27,718)
Personal Care	1,191	954	0	2,166	0	21
Information and Assistance	7,470	5,980	0	8,694	0	(4,756)
Outreach	1,548	1,240	0	1,988	0	(800)
Recreation	1,817	1,455	0	2,746	0	(526)
Material Aid	244	196	0	373	0	(67)
Telephoning	4,022	3,220	0	1,503	0	(5,739)
Utility Assistance	21,001	663	0	20,680	0	(984)
Medicaid Services	8,020	6,418	3,108	0	0	(11,330)
Adult Day Care Services	0	0	2,350	0	0	2,350
Medic Alert Rentals	720	0	471	203	0	(46)
Medicine Assistance	182	0	0	0	0	(182)
Nutrition Services:						
Congregate Meals	58,412	44,834	0	75,878	0	(27,368)
Home Delivered Meals	57,735	31,201	0	87,318	0	(1,618)
Disease Prevention and Health Promotion	2,657	2,124	0	5,475	0	694
Family Caregiver Support	1,206	963	0	2,236	0	67
Senior Citizen Activities	2,647	0	0	3,177	0	530
Finance Charges	1,007	0	0	0	0	(1,007)
Special Event Fundraiser	1,186	0	0	11,843	0	10,657
Administration	240,387	(231,429)	0	2,230	0	(6,728)
Total governmental activities	\$ 613,460	\$ -	\$ 21,941	\$ 343,352	\$ 98,997	\$ (149,170)
General Revenues:						
Grants and contributions not restricted to specific programs						196,553
Interest Income						850
Total general revenues						197,403
Increase (Decrease) in net assets						48,233
Net assets - beginning of the year						132,021
Net assets - end of the year						\$ 180,254

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

FUND FINANCIAL STATEMENTS

**Fund Balance Sheet
Governmental Funds**

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

June 30, 2004

	General Fund	Title III B	Title III C-1	Title III C-2	EFSP	FTA	Non- Major Funds	Total Governmental Funds
ASSETS								
Cash	\$ 34,617	\$ 0	\$ 0	\$ 0	\$ 2,445	\$ 0	\$ 5,644	\$ 42,706
Receivables:								
Capital Area Agency on Aging	0	3,772	2,858	6	0	0	987	7,623
City of Amite	0	0	0	1,143	0	0	0	1,143
Town of Kentwood	0	200	0	0	0	0	0	200
Medicaid	1,078	0	0	0	0	0	0	1,078
Due from other governmental funds	8,630	0	0	0	0	0	0	8,630
Total Assets	\$ 44,325	\$ 3,972	\$ 2,858	\$ 1,149	\$ 2,445	\$ 0	\$ 6,631	\$ 61,380
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable to CAAA	0	0	336	0	0	0	0	336
Unused contribution due back to United Way	2,302	0	0	0	0	0	0	2,302
Deferred revenue	0	0	0	0	2,445	0	0	2,445
Due to other governmental funds	0	3,972	2,522	1,149	0	0	987	8,630
Total Liabilities	2,302	3,972	2,858	1,149	2,445	0	987	13,713
Fund Balances								
Unreserved/Undesignated, reported in:								
General Fund	42,023	0	0	0	0	0	0	42,023
Special Revenue Funds	0	0	0	0	0	0	5,644	5,644
Total Fund Balances	42,023	0	0	0	0	0	5,644	47,667
Total Liabilities and Fund Balances	\$ 44,325	\$ 3,972	\$ 2,858	\$ 1,149	\$ 2,445	\$ 0	\$ 6,631	
Amounts reported for governmental activities in the statement of net assets are different because:								
- Compensated absences are not paid for out of current financial resources and therefore are not reported as liabilities in the governmental funds								(8,490)
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds as assets in the governmental funds								141,077
Net Assets of Governmental Activities								\$ 180,254

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

The Tangipahoa Voluntary Council on Aging
Amite, Louisiana

For the year ended June 30, 2004

	General Fund	Title III B	Title III C-1	Title III C-2	EFSP	FTA	Nonmajor Funds	Total Governmental Funds
REVENUES								
Intergovernmental:								
Capital Area Agency on Aging (CAAA)	\$ 0	\$ 125,999	\$ 53,700	\$ 51,416	\$ 0	\$ 0	\$ 9,933	\$ 241,048
Governor's Office of Elderly Affairs	25,928	0	0	0	0	0	58,628	84,556
United Way of America	0	0	0	0	19,329	0	0	19,329
La. Department of Transportation	0	0	0	0	0	91,699	0	91,699
Tangipahoa Parish Council	67,343	0	0	0	0	0	0	67,343
City of Hammond	12,500	0	0	0	0	0	0	12,500
Town of Kentwood	0	2,400	0	0	0	0	0	2,400
City of Amite	0	0	0	4,538	0	0	0	4,538
Public Support (Restricted):								
Entergy	0	600	0	0	0	0	19,435	20,035
Client contributions	0	5,874	22,039	11,011	0	0	8	38,932
United Way - Northshore Division	7,298	0	0	0	0	0	0	7,298
Lions Club	0	0	0	800	0	0	0	800
Other donors	293	0	0	0	0	0	685	978
Public Support (Unrestricted):								
United Way - Northshore Division	29,500	0	0	0	0	0	0	29,500
Generated by Walking for Seniors fundraiser	11,843	0	0	0	0	0	0	11,843
Other General Public	4,454	0	0	0	0	0	0	4,454
Program Service Fees (charges for services):								
Transportation	0	16,012	0	0	0	0	0	16,012
Adult Day Care	2,350	0	0	0	0	0	0	2,350
Medicaid Application Services	3,108	0	0	0	0	0	0	3,108
Medic Alert Unit Rentals	471	0	0	0	0	0	0	471
Interest Income	850	0	0	0	170	0	0	1,020
Miscellaneous:								
Recycling	1,287	0	0	0	0	0	0	1,287
Alternate Vendor Reimbursements	0	0	139	54	0	0	0	193
Total revenues	167,225	150,885	75,878	67,819	19,499	91,699	88,689	661,694
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Personnel	11,856	213,593	81,971	48,470	0	0	5,406	361,296
Fringe	1,308	26,381	9,065	6,329	0	0	604	43,687
Travel	53	4,676	289	1,213	0	0	174	6,405
Operating Services	1,299	55,786	6,235	7,906	0	0	430	71,656
Operating Supplies	228	24,266	1,909	4,839	0	0	110	31,352
Other Costs	6,362	1,314	677	243	0	0	8,784	17,380
Meals	0	0	0	0	19,499	0	0	19,499
Utility Assistance	0	0	0	0	0	0	20,171	20,171
Medicine Assistance	0	0	0	0	0	0	182	182
Capital Outlay	23,071	0	0	0	0	91,699	0	114,770
Total expenditures	44,177	326,016	100,146	69,000	19,499	91,699	35,861	686,398
Excess of revenues over (under) expenditures	123,048	(175,131)	(24,268)	(1,181)	0	0	52,828	(24,704)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	2,102	175,131	24,268	1,472	0	0	6,520	209,493
Operating transfers out	(148,763)	0	0	(1,149)	0	0	(59,581)	(209,493)
Net increase (decrease) in fund balances	(23,613)	0	0	(858)	0	0	(233)	(24,704)
FUND BALANCE (DEFICIT)								
Beginning of year	65,636	0	0	858	0	0	5,877	72,371
End of year	\$ 42,023	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,644	\$ 47,667

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

EXHIBIT E

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

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

For the year ended June 30, 2004

Net Increase (Decrease) in Fund Balances - Total Governmental Funds \$ (24,704)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$114,770) exceed depreciation (\$39,477) in the current period.

75,293

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences - accumulated vacation leave

(2,356)

Increase (Decrease) of Net Assets of Governmental Activities

\$ 48,233

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

NOTES TO THE FINANCIAL STATEMENTS

The Tangipahoa Voluntary Council on Aging

Amite, Louisiana

June 30, 2004

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of The Tangipahoa Voluntary Council on Aging (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

a. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Tangipahoa Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), Capital Area Agency on Aging- District II, Inc. (CAAA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

a. Purpose of the Council on Aging – (Continued)

Specific services provided by the Council to the elderly residents of Tangipahoa Parish include providing congregate and home delivered meals, nutritional education, information and assistance, outreach, utility assistance, homemaker services, recreation, telephoning, personal care, wellness, material aid, medication management, and transportation.

b. Reporting Entity

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

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

The Tangipahoa Voluntary Council on Aging (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on October 3, 1980 and incorporated under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes on September 22, 1980.

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

b. Reporting Entity (Continued)

- Ten members shall be appointed by the Tangipahoa Parish Council to represent the elderly population in their respective districts.
- Two members shall be appointed by agencies that serve the elderly (one from the Social Security Administration and one from the Department of Social Services or
- Ten members shall be appointed by the Tangipahoa Parish Council to represent the elderly population in their respective districts.
- Department of Health and Human Resources.
- Three at-large members from throughout Tangipahoa Parish shall be elected by the general membership at the Council's annual meeting.

Although the Tangipahoa Parish Council (TPC) appoints a voting majority of the Council on Aging's board, the TPC does not intend to impose its will to affect the operations of the Council on Aging (COA). Further, the TPC only provides the COA about 10% of its total annual revenues and does not assume any specific financial burdens of the COA. As a result, the COA is not a component unit of the Tangipahoa Parish Council.

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

b. Reporting Entity (Continued)

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

c. New Accounting Standards Adopted

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. For the fiscal year that began July 1, 2003, the Council was required to adopt a new financial reporting model to comply with the provisions of Statement 34. In addition to Statement No. 34, GASB also issued other statements that have been adopted and their requirements have been reflected in this year's financial statements. Those other statements are: Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Statement No. 40, *Deposit and Investment Risk Disclosures*. As a result, certain significant changes have occurred that may materially affect the comparability of these financial statements with those issued in previous years. Significant changes include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Council's overall financial position and results of operations.
- Governmental-Wide Financial statements prepared using full accrual basis accounting for all of the Council's activities.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Change in Accounting Principle (Continued)

- A change in the fund financial statements to focus on the major governmental funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). Also see Note 22.

d. Basis of Presentation of the Basic Financial Statements

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Governmental activities generally are supported by intergovernmental revenues.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (Continued)

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

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

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

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (Continued)

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

Fund Financial Statements:

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

The daily accounts and operations of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (Continued)

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

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

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

The General Fund is the 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.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (Continued)

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A significant percentage of the Council's special revenue funds are provided by Capital Area Agency on Aging - District II, Inc. (CAAA). The Title III funds, which the Council receives, are provided by the United States Department of Health and Human Services - Administration on Aging to GOEA, which in turn "passes through" the funds to the Council via CAAA. GOEA also provides CAAA funds from other state grants, which are passed through to the Council.

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

Local

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

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs. The Council may use these "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years old. In FY 2004, the Council transferred its PCOA funds to the Title III B Supportive Services fund to provide additional funds to pay for program expenditures that exceeded the grant reimbursement from CAAA.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (Continued)

Fundraisers

The Council held one special event fundraiser during the year for the purpose of raising additional unrestricted operating funds and to promote community awareness about the needs of the elderly population within Tangipahoa Parish. The event, referred to as "Walking for Seniors," was held in conjunction with the Council's annual picnic in May 2004. Program participants and Council employees volunteer their time to solicit pledges from businesses and individuals of Tangipahoa Parish. To "earn" the pledge, the participants walk distances within a designated area at the picnic. The proceeds raised (\$11,843) and the direct costs (\$1,186) to sponsor the event are being separately accounted for within the Council's general ledger in order to specifically track the use of the contributions. The Council netted \$10,657 from this event.

Senior Center Activities

The Council operates senior centers in Hammond, Tickfaw, Amite, Kentwood, Independence, and Ponchatoula. The participants at each of these centers solicit public support and raise funds through activities to help offset the cost of activities that are not paid for through the primary grant to operate senior centers from GOEA. Examples of the types of activities used to raise these funds include craft sales, ceramic sales, soft drink sales, and recycling income. There is no restriction on how the net proceeds of these activities are used. The revenues and related expenditures for each senior center's non-program activities are maintained in separate accounts within the Council's general ledger.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (Continued)

Medicaid Programs

The Council provides services for which it is paid a fee by Medicaid. The services consist of completing enrollment applications for people wanting to apply for Medicaid services and insurance for children. The Council is paid \$14 per application it completes. During this fiscal year the Council completed 220 applications.

Adult Day Care

The Council offers Adult Day Care services at its Hammond senior center. The purpose of this service is to provide a facility where elderly family members can be brought and cared for to allow other family members time to attend to personal matters and to give them relief from having to constantly attend to the elderly member's needs. During the year, there were three people who used this service.

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (Continued)

Major Governmental Funds:

Title III B Fund

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

	<u>Units</u>
Information and Assistance	1,161
Outreach	183
Homemaker	2,471
Telephoning	736
Transportation for people age 60 or older	21,902
Personal care	109
Material aid	1,006
Recreation	12,598
Utility assistance	165

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Tangipahoa Parish. The Council maintains meal-sites in Amite, Independence, Tickfaw, Kentwood, Hammond, and Ponchatoula. During the year the Council provided 38,423 meals to people eligible to participate in this program. The Council also provided 72 units of nutrition education under this program.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (Continued)

Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council provided 67,849 home-delivered meals. The Council also provided 437 units of nutrition education under this program.

FTA Fund

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

EFSP Fund

The EFSP Fund is used to account for the administration of the Emergency Food and Shelter National Board Program (EFSP), the purpose of which is to supplement food and shelter assistance to individuals who might currently be receiving assistance, as well as to assist those who are not receiving any. Funds are provided by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) to the United Way of America, which in turn "passes through" the funds to the Council. A local board working with Tangipahoa Parish's local United Way agency assists TVCOA in obtaining EFSP funds. During the fiscal year, EFSP funds were used to supplement the home delivered meals program.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (Continued)

Nonmajor Governmental Funds:

Title III D Fund

The Title III D Fund is used to account for funds used for disease prevention and health promotion (wellness) activities. During the year the Council provided 9,187 units of wellness service and 222 units of medication management to eligible participants.

Title III E Fund

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

Eligible participants include (1) adult family members, or another adult person, who provides uncompensated in-home and community care to an older person who needs supportive services or (2) grandparents, or a person 60 years of age or older, who is related to a child by blood or marriage and (1) lives with the child, (2) is the primary caregiver, and (3) has a legal relationship to the child or is raising the child informally. During the year, the Council provided 48 units of information and assistance and 8 units of public education under this program.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (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 GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide community service centers at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council maintains five senior centers in Tangipahoa Parish. Senior Center funds can be used at management's discretion to support any of the Council's programs, which benefit the elderly. Accordingly, during the year, management transferred all the Senior Center funds to the Title III B Fund to subsidize that program's cost of providing supportive social services to elderly persons who used the senior centers.

Supplemental Senior Center Fund

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Basis of Presentation of the Basic Financial Statements (Continued)

Audit Fund

The Audit Fund is used to account for funds that are to be used as a subsidy to pay for the cost of having an annual audit of the Council's financial statements. The full cost of the audit was charged to this fund. The audit costs that exceeded the subsidy were paid for with a transfer of Local program funds. GOEA provides the audit subsidy funds to the Council via the CAAA.

Utility Assistance Fund

This fund is used to account for the administration of the utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging throughout the state to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds. During the year, the Council provided funds to 141 different people to assist them with paying their utility bills. The maximum amount of assistance a person can receive in one year is usually limited to \$200.

Medicine Assistance Fund

The purpose of the Medical Assistance Fund is to administer a grant from the Baxter Allegiance Foundation. The award was made to help the Council establish a medical assistance program wherein the Council could provide financial assistance to people who are age 60 or older for the purchase of medicine and/or medical supplies. The Council's management determines the eligibility criteria and limits each recipient of benefits under this program to \$200 of medicine assistance per year. The Council must use all grant funds for medicine assistance. None of the money can be used to pay for administrative expenses. During the year, the Council helped 2 different people with medicine assistance.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

e. Measurement Focus and Basis of Accounting

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

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

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

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

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 60 days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

e. Measurement Focus and Basis of Accounting (Continued)

any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

f. Interfund Activity

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

Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets in the government-wide financial statements.

g. Cash and Cash Equivalents

Cash includes interest-bearing and non-interest-bearing demand deposits and petty cash. Cash equivalents include amounts in time deposits and time investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts, which equals their fair values. During the fiscal year, the Council did not have any cash equivalents.

h. Receivables

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

i. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

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

j. Capital Assets

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

j. Capital Assets - (Continued)

Government-Wide Financial Statements

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

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

Office Equipment - other than computers	6 years
Vehicles	5 years
Computer equipment	5 years

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

j. Capital Assets - (Continued)

Fund Financial Statements

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

k. Non-Current (Long-term) Liabilities

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

l. Unpaid Compensated Absences

The Council's policies for vacation leave permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the government-wide statements. Management has estimated the current and long-term portions of this liability based on the Council's policy as it relates to accruing (earning) and using vacation leave. Accordingly, all amounts earned and unused as of year-end are considered a current liability for purposes of the Statement of Net Assets.

The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year. An amount is added to this total for Social Security and Medicare taxes.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

l. Unpaid Compensated Absences - (Continued)

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

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

m. Deferred Revenue

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

n. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

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

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

o. Fund Equity - Fund Financial Statements

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

o. Fund Equity - Fund Financial Statements - (Continued)

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

p. Management's Use of Estimates

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

q. Allocation of Indirect Expenses

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

CAAA provided the Council \$2,230 as a subsidy to pay for a portion of the Council's annual audit. This subsidy is used to offset the cost of the audit that has been included as a direct expense within the administration function on the Statement of Activities. The excess audit costs of \$6,370 were not allocated as an indirect expense but were paid for with general revenues.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

r. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Note 2 - Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are earned under the accrual basis of accounting.

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

Note 3 - Cash Management, Bank Deposits and Investments

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

The Council maintains a consolidated bank account to deposit most of the funds it receives and to pay its bills. The consolidated bank account is available for use by all funds; however, EFSP funds are managed through a separate bank account. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

**Exhibit F
(Continued)**

Note 3 - Cash Management, Bank Deposits and Investments - (Continued)

Cash is reported at its carrying amount, which equals its fair value. At year-end, the carrying amount of the Council's cash balances on the books was \$42,705, which includes \$250 of petty cash, whereas the bank balances totaled \$74,801. The difference in the book and bank balances relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end. At year-end, all bank balances (\$74,801) were covered 100% by federal depository insurance.

The Council had no assets that would be classified as an investment at year-end.

Note 4 - Changes in Capital Assets and Accumulated Depreciation

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

<u>Capital Assets Being Depreciated</u>	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance June 30, 2004</u>
Vehicles	\$ 247,042	\$ 114,770	\$ 0	\$ 361,812
Office furniture	5,632	0	0	5,632
Computer equipment	6,499	0	0	6,499
Nutrition equipment	2,129	0	0	2,129
Leasehold improvements	32,264	0	0	32,264
Total Capital Assets	293,566	114,770	0	408,336
Less Accumulated Depreciation:				
Vehicles	204,496	36,922	0	241,418
Office furniture	4,244	655	0	4,899
Computer equipment	5,639	287	0	5,926
Nutrition equipment	2,129	0	0	2,129
Leasehold improvements	11,274	1,613	0	12,887
Total Accumulated Depreciation	227,782	39,477	0	267,259
Capital Assets Net of Depreciation	\$ 65,784	\$ 75,293	\$ 0	\$ 141,077

None of the above amounts includes any donated asset. Also, two of the Council's vans, which did not have any book value, were not operational at year-end and are waiting to be sold.

Note 4 - Changes in Capital Assets and Accumulated Depreciation - (Continued)

Depreciation was charged to governmental activities as follows:

Administration	\$ 942
Nutrition Services:	
Congregate meals	1,613
Supportive Services:	
Transportation	<u>36,922</u>
Total depreciation expense for governmental activities	<u>\$39,477</u>

Note 5 - Deferred Revenue

A summary of the Council's deferred revenue at year-end is as follows:

<u>Fund</u>	<u>Provider</u>	<u>Amount</u>
EFSP	FEMA	\$ 2,445

Expenditures relating to the deferred EFSP revenue are expected to be incurred in fiscal year 2005.

Note 6 - Changes in Accumulated Unpaid Vacation Leave

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

Balance July 1, 2003	\$ 6,133
Net increase invested vacation leave	<u>2,357</u>
Balance at June 30, 2004	<u>\$ 8,490</u>

Note 7 - Fund Balances - Fund Financial Statements

At year-end, two special revenue funds had remaining fund balances that totaled \$5,584. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to these policies.

The Council has \$4,361 of utility assistance contributions that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

The Council also has \$1,283 of medicine assistance grant funds that remain unspent as of year-end. The Council was granted funds by Baxter Allegiance to be used solely for the purchase of prescription drugs and other medical necessities for the Council's low-income clients. Management expects the remainder of these funds will be consumed in fiscal year 2005.

Note 8 - In-Kind Contributions

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

Note 8 - In-Kind Contributions - (Continued)

The in-kind contributions that the Council received during the year consisted primarily of free rent and utilities relating to the use of facilities in Ponchatoula, Amite, Tickfaw, Hammond, Independence, and Kentwood. The Council also received a discount on the fuel it purchased from its gasoline supplier. Management has estimated the value of the various in-kind contributions received by the Council this year using information furnished by the donors. A summary of the in-kind contributions and their estimated values is as follows:

Facility rental	\$ 76,500
Utilities for facilities	13,531
Janitorial and maintenance services	6,460
Fuel discounts	3,000
Insurance	800
Telephone	<u>600</u>
 Total estimated in-kind contributions	 <u>\$ 100,891</u>

If these in-kind contributions had been recorded in the Statement of Activities their allocation would have been \$24,473 Nutrition Services - congregate meals; \$24,473 Nutrition Services - home-delivered meals; \$3,000 Supportive Services - elderly transportation; \$6,852 Disease prevention and Health Promotion; and \$42,093 Supportive Services - all programs.

Note 9 - Board of Directors' Compensation

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

Note 10 - Income Tax Status

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

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

Note 11 - Lease and Rental Commitments

On October 28, 1999 the Louisiana State Board of Elementary and Secondary Education (BESE) approved a 20-year lease between it and the Council for the Hammond senior center building. The Council has the option to renew this lease for four consecutive additional terms of five years each provided the Council has maintained the building and submitted its request to renew in writing to BESE at least sixty days before the end of the lease term. The Council is responsible for all interior and exterior repairs, utilities, and must maintain a minimum of \$1,000,000 of liability insurance coverage on the property. BESE is responsible for obtaining the property insurance and paying the premium on the facility. There is no rent owed by the Council to BESE for the use of the building. On August 17, 2004, management exercised the Council's right to renew the lease for the second 5 year term under the lease.

Note 12 - Judgments, Claims, and Similar Contingencies

On July 22, 2003, a lawsuit was filed against the Council as a result of a wreck one of its vehicles was in on March 10, 2003. The case is currently in the discovery phase, accordingly, the Council's management and attorney cannot predict the outcome of the lawsuit. However, management does not expect the Council to suffer any out-of-pocket costs relating to this case other than the \$500 deductible under its insurance policy.

Note 12 - Judgments, Claims, and Similar Contingencies - (Continued)

Other than the aforementioned lawsuit, there is no litigation pending against the Council as of year-end. 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 - Contingencies - Grant Programs

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

Note 14 - Economic Dependency

The Council receives the majority of its revenue from funds provided through grants administered by CAAA on behalf of the Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in fiscal year 2005 relating to these grants.

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; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

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

Note 16 - Retirement Plan

The Council offers its employees a means to defer compensation through a tax-sheltered group annuity underwritten by AIM and administered by the Council. This retirement plan has been established in accordance with Section 403(b) of the Internal Revenue Code. All of the Council's employees are eligible to participate in the plan; however, participation is not mandatory. Elective deferrals by the Council's employees are made through salary reduction agreements with the Council. The maximum an employee may contribute by way of salary deferral is \$12,000 per year (\$14,000 for employees age 50 or older), or the employee's maximum exclusion allowance, whichever is less. The maximum exclusion allowance differs from one person to another or even from year to year and is dependent upon several factors. All amounts contributed to the plan are non-forfeitable thereby making them 100% vested by the employees. Earnings within the annuity contracts accumulate tax-free. During the fiscal year, \$2,355 was contributed to the plan via employee salary deferrals. The Council contributed no matching amounts. The Plan does not meet the definition of a fiduciary plan; accordingly, the Council has not reported any amounts in these financial statements.

Note 17 - Purchase Commitments

The Council did not have any significant purchase commitments outstanding as of year-end.

Note 18 - On-Behalf Payments of Fringe Benefits

The Tangipahoa Parish Council directly pays a portion of the health insurance premiums for some of the Council on Aging's administrative employees. The total amount paid by the Parish Council for fiscal year 2004 was \$11,093, which has been included with fringe benefit expenditures in these financial statements. An equal amount has been added to intergovernmental revenues as an offset to the expenditure amount.

Note 19 - Interfund Receivables and Payables - Fund Financial Statements

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

	Receivable From	Payable To
General Fund:		
Major Funds:		
Title III B	\$ 3,972	\$ 0
Title III C-1	2,522	0
Title III C-2	1,149	0
Nonmajor Funds in the aggregate	987	0
Totals for the General Fund	\$ 8,630	\$ 0
Major Funds:		
Title III B:		
General Fund	0	3,972
Title III C-1:		
General Fund	0	2,522
Title III C-2:		
General Fund	0	1,149
Nonmajor Funds in the aggregate:		
General Fund	0	987
Totals for All Funds	\$ 8,630	\$ 8,630

**Exhibit F
(Continued)**

Note 20 - Interfund Transfers

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

	<u>Operating Transfers</u>	
	<u>In From</u>	<u>Out To</u>
General Fund:		
Title III B Fund	\$ 0	\$ 116,503
Title III C-1 Fund	0	24,268
Title III C-2 Fund	1,149	1,472
Nonmajor Funds:		
Title III D Fund	827	103
Title III E Fund	126	47
Audit Fund	<u>0</u>	<u>6,370</u>
Total General Fund	<u>2,102</u>	<u>148,763</u>
Title III B - Fund:		
General Fund	\$ 116,503	\$ 0
Nonmajor Funds:		
Supplemental Senior Center Fund	3,825	0
Senior Center Fund	<u>54,803</u>	<u>0</u>
Total Title III B Fund	<u>175,131</u>	<u>0</u>
Title III C-1 Fund:		
General Fund	<u>24,268</u>	<u>0</u>
Total Title III C-1 Fund	<u>24,268</u>	<u>0</u>
Title III C-2 - Fund:		
General Fund	<u>1,472</u>	<u>1,149</u>
Total Title III C-2 Fund	<u>1,472</u>	<u>1,149</u>
Nonmajor Funds:		
General Fund	\$ 6,520	\$ 953
Title III B - Fund	<u>0</u>	<u>58,628</u>
Total for Nonmajor Funds	<u>6,520</u>	<u>59,581</u>
Grand Totals	<u>\$ 209,493</u>	<u>\$ 209,493</u>

Note 20 - Interfund Transfers - (Continued)

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

Note 21 - Related Party Transactions

There were no related party transactions during the fiscal year.

Note 22 - Change In Accounting Principle

As stated in Note 1c, the Council was required to implement GASB Statement 34 for this fiscal year. As a result of the required implementation, the Council had to determine a "net asset" amount as of June 30, 2003 to present in this year's Statement of Activities. To determine the net asset amount, the Council started with its total governmental fund balances at June 30, 2003 and made some adjustments to that total to convert the fund balance amount to a net asset amount. The conversion details are as follows:

Total fund balances of governmental funds at June 30, 2003	\$ 72,371
Less: Unpaid compensated absences at June 30, 2003	(6,134)
Add: Cost of capital assets at June 30, 2003	293,566
Less: Accumulated depreciation at June 30, 2003	<u>(227,782)</u>
Net assets at June 30, 2003	<u>\$ 132,021</u>

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION BY GASB 34

Budgetary Comparison Schedule - General Fund

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

For the year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>GAAP Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 22,322	\$ 25,928	\$ 25,928	\$ 0
Tangipahoa Parish Council	45,000	45,000	67,343	22,343
City of Hammond	12,424	12,424	12,500	76
Public Support	38,363	38,363	53,388	15,025
Program Service Fees	2,750	2,750	5,929	3,179
Interest Income	1,000	1,000	850	(150)
Miscellaneous	1,297	1,297	1,287	(10)
Total Revenues	123,156	126,762	167,225	40,463
EXPENDITURES				
Current:				
Personnel	16,575	16,575	11,856	4,719
Fringe	1,534	1,534	1,308	226
Travel	238	238	53	185
Operating Services	1,353	1,353	1,299	54
Operating Supplies	294	294	228	66
Other Costs	5,629	5,629	6,362	(733)
Capital Outlays	16,615	16,615	23,071	(6,456)
Total Expenditures	42,238	42,238	44,177	(1,939)
Excess of revenues over expenditures	80,918	84,524	123,048	38,524
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	2,411	2,411
Transfers out	(117,409)	(112,455)	(149,072)	(36,617)
Total other financing sources and uses	(117,409)	(112,455)	(146,661)	(34,206)
Net increase (decrease) in fund balance	\$ (36,491)	\$ (27,931)	(23,613)	\$ 4,318
FUND BALANCE				
Beginning of year			65,636	
End of year			\$ 42,023	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

For the year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	\$ 124,264	\$ 124,264	\$ 125,999	\$ 1,735
Town of Kentwood	2,400	2,400	2,400	0
Public Support	6,474	6,474	6,474	0
Program Service Fees	64,241	64,241	16,012	(48,229)
Total Revenues	197,379	197,379	150,885	(46,494)
EXPENDITURES				
Current:				
Personnel	237,053	237,053	213,593	23,460
Fringe	26,793	26,793	26,381	412
Travel	5,068	5,068	4,676	392
Operating Services	45,497	45,497	55,786	(10,289)
Operating Supplies	18,310	18,310	24,266	(5,956)
Other Costs	5,807	5,807	1,314	4,493
Total Expenditures	338,528	338,528	326,016	12,512
Excess of expenditures over revenues	(141,149)	(141,149)	(175,131)	(33,982)
OTHER FINANCING SOURCES (USES)				
Transfers in	141,149	141,149	175,131	33,982
Transfers out	0	0	0	0
Total other financing sources and uses	141,149	141,149	175,131	33,982
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-1 Fund

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

For the year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	\$ 53,700	\$ 53,700	\$ 53,700	\$ 0
Public Support	21,000	21,000	22,039	1,039
Miscellaneous	0	0	139	139
Total Revenues	<u>74,700</u>	<u>74,700</u>	<u>75,878</u>	<u>1,178</u>
EXPENDITURES				
Current:				
Personnel	78,444	78,444	81,971	(3,527)
Fringe	7,274	7,274	9,065	(1,791)
Travel	502	502	289	213
Operating Services	6,216	6,216	6,235	(19)
Operating Supplies	1,905	1,905	1,909	(4)
Other Costs	1,561	1,561	677	884
Total Expenditures	<u>95,902</u>	<u>95,902</u>	<u>100,146</u>	<u>(4,244)</u>
Excess of expenditures over revenues	<u>(21,202)</u>	<u>(21,202)</u>	<u>(24,268)</u>	<u>(3,066)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21,202	21,202	24,268	3,066
Transfers out	0	0	0	0
Total other financing sources and uses	<u>21,202</u>	<u>21,202</u>	<u>24,268</u>	<u>3,066</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-2 Fund

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

For the year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	\$ 51,416	\$ 51,416	\$ 51,416	\$ 0
City of Amite	4,539	4,539	4,538	(1)
Public Support	10,800	10,800	11,811	1,011
Miscellaneous	0	0	54	54
	<u>66,755</u>	<u>66,755</u>	<u>67,819</u>	<u>1,064</u>
Total Revenues				
EXPENDITURES				
Current:				
Personnel	50,768	50,768	48,470	2,298
Fringe	6,671	6,671	6,329	342
Travel	1,232	1,232	1,213	19
Operating Services	9,458	9,458	7,906	1,552
Operating Supplies	4,075	4,075	4,839	(764)
Other Costs	1,193	1,193	243	950
	<u>73,397</u>	<u>73,397</u>	<u>69,000</u>	<u>4,397</u>
Total Expenditures				
Excess of expenditures over revenues	<u>(6,642)</u>	<u>(6,642)</u>	<u>(1,181)</u>	<u>5,461</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,642	6,642	1,472	(5,170)
Transfers out	0	0	(1,149)	(1,149)
	<u>6,642</u>	<u>6,642</u>	<u>323</u>	<u>(6,319)</u>
Total other financing sources and uses				
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>(858)</u>	<u>\$ (858)</u>
FUND BALANCE				
Beginning of year			<u>858</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - EFSP Fund

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

For the year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u> <u>Basis</u>	<u>Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
United Way of America	\$ 13,921	\$ 19,329	\$ 19,329	\$ 0
Interest Income	0	170	170	0
Total Revenues	<u>13,921</u>	<u>19,499</u>	<u>19,499</u>	<u>0</u>
EXPENDITURES				
Current:				
Meals	<u>13,921</u>	<u>19,499</u>	<u>19,499</u>	<u>0</u>
Total Expenditures	<u>13,921</u>	<u>19,499</u>	<u>19,499</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources and uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule -FTA Fund

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

For the year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Louisiana Department of Transportation and Development	\$ 64,860	\$ 91,699	\$ 91,699	\$ 0
Total Revenues	<u>64,860</u>	<u>91,699</u>	<u>91,699</u>	<u>0</u>
EXPENDITURES				
Capital Outlays	64,860	91,699	91,699	0
Total Expenditures	<u>64,860</u>	<u>91,699</u>	<u>91,699</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Total other financing sources and uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**THE TANGIPAHOA VOLUNTARY COUNCIL ON AGING
AMITE, LOUISIANA**

FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - BUDGETARY REPORTING

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

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

- The Capital Area Agency on Aging - District II Inc., (CAAA) notifies the Council each year as to the funding levels for each program's grant award.
- Revenue projections are also made based on grants from GOEA and other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information regarding projected revenues and expenditures has been obtained, the Council's executive director and bookkeeper prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting before May 31 of the current fiscal year.
- The adopted budget is forwarded to CAAA for compliance approval for the funds it will pass-through to the Council from GOEA.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, management will automatically re-budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicle delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting for governmental funds, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying required supplementary information include the original adopted budget amounts and all subsequent amendments. During the fiscal year, management amended the budget one time. The Council's Board of Directors approved a budget amendment at a regularly scheduled meeting on February 19, 2004, using a procedure similar to the one used to approve the original budget. The budget amendment was sent to CAAA for compliance approval and was subsequently approved.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from the CAAA and the Governor's Office of Elderly Affairs for funds received under grants and contracts from these agencies. As a part of their compliance, CAAA and GOEA require management to amend the budget in cases where actual expenditures for a particular line item exceed their budgeted amount by more than 10%.
- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

NOTE 2 - GENERAL FUND'S BUDGETED OPERATING DEFICIT:

For fiscal year 2004, the Council's Board of Directors decided to maintain services at current levels and to do so it had to budget an operating deficit in the Council's General Fund. Management was able to budget more expenditures than revenues for the current year in the General Fund because the Council had more than enough fund balance from the prior year to absorb the deficit. Most General Fund revenues are budgeted as transfers to supplement the cost of operating programs accounted for through the use of special revenue funds.

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

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

The Tangipahoa Voluntary Council on Aging
Amite, Louisiana
For the year ended June 30, 2004

	Title III D	Title III E	Senior Center	Supple. Senior Center	Audit	Utility Assistance	Medicine Assistance	Totals
REVENUES								
Intergovernmental:								
Capital Area Agency on Aging (CAAA)	\$ 5,467	\$ 2,236	\$ 0	\$ 0	\$ 2,230	\$ 0	\$ 0	\$ 9,933
Governor's Office of Elderly Affairs	0	0	54,803	3,825	0	0	0	58,628
Public Support (Restricted):								
Energy Helping Hands via EBR COA	0	0	0	0	0	15,954	0	15,954
Energy Helping Hands via CAAA	0	0	0	0	0	3,481	0	3,481
Atmos of Louisiana	0	0	0	0	0	200	0	200
WST Electric	0	0	0	0	0	151	0	151
Contributions for fans & heaters	0	0	0	0	0	334	0	334
Client contributions	8	0	0	0	0	0	0	8
Total revenues	5,475	2,236	54,803	3,825	2,230	20,120	0	88,689
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Personnel	3,735	1,671	0	0	0	0	0	5,406
Fringe	417	187	0	0	0	0	0	604
Travel	49	125	0	0	0	0	0	174
Operating Services	296	134	0	0	0	0	0	430
Operating Supplies	76	34	0	0	0	0	0	110
Other Costs	178	6	0	0	8,600	0	0	8,784
Meals	0	0	0	0	0	0	0	0
Utility Assistance	0	0	0	0	0	20,171	0	20,171
Medicine Assistance	0	0	0	0	0	0	182	182
Capital Outlay	0	0	0	0	0	0	0	0
Total expenditures	4,751	2,157	0	0	8,600	20,171	182	35,861
Excess of revenues over (under) expenditures	724	79	54,803	3,825	(6,370)	(51)	(182)	52,828
OTHER FINANCING SOURCES (USES)								
Operating transfers in	103	47	0	0	6,370	0	0	6,520
Operating transfers out	(827)	(126)	(54,803)	(3,825)	0	0	0	(59,581)
Net increase (decrease) in fund balances	0	0	0	0	0	(51)	(182)	(233)
FUND BALANCE (DEFICIT)								
Beginning of year	0	0	0	0	0	4,412	1,465	5,877
End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,361	\$ 1,283	\$ 5,644

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

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

For the year ended June 30, 2004

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
<u>Capital Assets</u>				
Vehicles	\$ 245,842	\$ 114,770	\$ 0	\$ 360,612
Office furniture and equipment	5,632	0	0	5,632
Computer equipment	6,499	0	0	6,499
Nutrition equipment	2,129	0	0	2,129
Leasehold improvements	33,464	0	0	33,464
Total capital assets	<u>\$ 293,566</u>	<u>\$ 114,770</u>	<u>\$ 0</u>	<u>\$ 408,336</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
Local funds and donations	\$ 98,039	\$ 23,071	\$ 0	\$ 121,110
FTA	156,455	91,699	0	248,154
Title III B	4,121	0	0	4,121
Title III C-1	27,096	0	0	27,096
Title III C-2	829	0	0	829
Title III D	1,904	0	0	1,904
Senior Center	5,122	0	0	5,122
Total investment in capital assets	<u>\$ 293,566</u>	<u>\$ 114,770</u>	<u>\$ 0</u>	<u>\$ 408,336</u>

NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

14481 OLD HAMMOND HIGHWAY, SUITE 4

BATON ROUGE, LA 70818

(225) 272-1177

MEMBER OF THE
SOCIETY OF LOUISIANA CPAs

MEMBER OF THE
AMERICAN INSTITUTE OF CPAs

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,
The Tangipahoa Voluntary Council on Aging
Amite, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Tangipahoa Voluntary Council on Aging, Amite, Louisiana, (the Council) as of and for the year ended June 30, 2004, which collectively comprise the Council's basic financial statements and have issued my report thereon dated August 18, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Council's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

Baton Rouge, Louisiana,
August 18, 2004.



Neil G. Ferrari, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

For the Year Ended June 30, 2004

I have audited the financial statements of The Tangipahoa Voluntary Council on Aging, Amite, Louisiana as of and for the year ended June 30, 2004, and have issued my report thereon dated August 18, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses Yes No

Reportable Conditions Yes No

Compliance:

Compliance Material to Financial Statements Yes No

b. Federal Awards

Federal award expenditures were less than \$500,000. Accordingly, this section is not applicable.

c. Identification of Major Programs

This section is not applicable.

d. Management Letter

The auditor issued a management letter Yes No

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

Section II - Financial Statement Findings and Questioned Costs

There are no significant findings or questioned costs.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
The Tangipahoa Voluntary Council on Aging
Amite, Louisiana

For the year ended June 30, 2004

Section I - INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES MATERIAL TO THE FINANCIAL STATEMENTS

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

Section II -INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES MATERIAL TO FEDERAL AWARDS

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

Section III -MANAGEMENT LETTER

Internal Control Weaknesses

Finding 2003 - 1: Unresolved Finding From the 2002 Audit

Auditor Finding - The minutes did not document the starting and ending times of the board meetings and they also did not include a statement that a quorum was present.

Management's Corrective Action: Management is now documenting this information in the minutes of its board meetings. The matter is now considered resolved.

Finding 2003 -2: Budgeting Matters

Auditor Findings - Management had not prepared the Council's budget revision timely so that the board could formally approve it at a board meeting before submitting the budget to CAAA. In addition, the auditor commented that the Council had budgeted a deficit in the Council's General Fund, but mentioned that there was a sufficient fund balance to absorb the deficit.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

Management's Corrective Action: The budget revision for FY 2004 was timely prepared, approved formally at one of the Council's board meetings, and then submitted to CAAA as the auditor recommended. However, the FY 2004 budget contained another operating deficit in the Council's General Fund. Management could not avoid repeating the budget deficit item for this fiscal year because it would have adversely impacted the people we serve. However, a smaller deficit was budgeted and management is aware of the need to discontinue budgeting General Fund deficits. The Council had a sufficient fund balance at the beginning of FY 2004 to absorb the deficit that was budgeted for General Fund operations for fiscal year 2004. Although this item has not been fully resolved, management acknowledges the auditor's finding and will continue to work on resolving it on future budgets.

Finding 2003 -3: Journal Entries

Auditor Findings - The accounting department was preparing journal entries but not allowing the Council's executive director a chance to review and document her approval of the journal entries.

Management's Corrective Action: The Council's executive director now reviews all journal entries and documents her approval of them. This matter has been resolved.

Finding 2003 -4: Unit Cost Reimbursements

Auditor's Findings - The auditor commented that the Council was understating its unit cost amounts, which might result in the Council not maximizing its reimbursements under its contract with CAAA. The understatements were caused by the Council not including in-kind contributions that it routinely receives, which approximate \$100,000 annually.

Management's Corrective Action: The person responsible to compute the unit costs for the CAAA contract did not understand how to calculate the revised unit costs after considering the in-kind contributions. However, despite the fact that we did not implement the auditor's recommendation, we were able to obtain full contract reimbursement for all our services, except for those provided in Title III E, in FY 2004 under the contract with CAAA. Management believes that there would have been very little difference in what actually occurred and what would have occurred had the in-kind contributions been factored into the unit cost calculation. Although this matter was not fully resolved, we will continue to study how to better calculate our unit costs so that we can maximize the Council's reimbursement under its CAAA contract in future years.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
(Continued)**

Finding 2003 -5: Fraud Prevention and Detection

Auditor Findings - The auditor found that the Council was not taking a proactive approach to preventing and detecting fraud within its organization. He alerted management to various areas where fraud could occur in a typical council on aging. He did not specifically identify any instances of fraud but wanted to encourage management to be more responsive and alert in this area.

Management's Corrective Action: The Council's board appointed a specific person to be the auditor liaison to discuss matters with him on a confidential basis. The board has developed and adopted new policies and procedures to strengthen management's ability to prevent and detect fraud. The executive director has written a report to the board to explain what she has done in the past year to be more proactive. Management believes that the Council has taken the action intended by the auditor and considers this matter resolved.

MANAGEMENT'S CORRECTIVE ACTION PLAN

**The Tangipahoa Voluntary Council on Aging
Amite, Louisiana**

For the year ended June 30, 2004

To the following oversight agencies for audit:

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

Local: Capital Area Agency on Aging - District II, Inc.

The Tangipahoa Voluntary Council on Aging, Amite, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2004.

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, 2004.

The findings from the June 30, 2004 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SECTION I. FINANCIAL STATEMENT FINDINGS

There were no findings reported in this section.

SECTION II. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

There were no findings reported in this section.

SECTION III. MANAGEMENT LETTER

The auditor did not issue a management letter this year, however, he did orally report to management some minor findings and he offered recommendations to correct them.

If there are any questions regarding this corrective action plan, please call Debi Fleming, the Council's Executive Director, at (985) 748-7486.