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**St. Tammany Parish  
Council on Aging, Inc.**

*Financial Statements*

**June 30, 2019**

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**St. Tammany Council on the Aging, Inc.**  
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## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Tammany Council on the Aging, Inc., as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise St. Tammany Council on the Aging, Inc.'s basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of St. Tammany Council on the Aging, Inc., as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As discussed in Note (2) to the financial statements, the June 30, 2018 financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis at pages 4 – 11 and the schedule of budgetary comparison information on pages 38 – 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of the St. Tammany Council on the Aging, Inc. The accompanying combining statement of revenues, expenditures, and changes in fund balances of nonmajor governmental funds at page 43; comparative schedule of capital assets and changes in capital assets at page 44, as required by the Governor's Office of Elderly Affairs; and schedule of compensation, benefits, and other payments to agency head at page 45, as required by Louisiana Revised Statute 24:513 A, are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying schedule of expenditures of federal awards at page 46, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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The combining schedule of revenues, expenditures, and changes in fund balances of nonmajor governmental funds; comparative schedule of capital assets and changes in capital assets; schedule of compensation, benefits, and other payments to agency head; and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020, on our consideration of St. Tammany Council on the Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Tammany Council on the Aging, Inc.'s internal control over financial reporting and compliance.



Covington, Louisiana  
January 31, 2020

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*Management's Discussion and Analysis*

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# **St. Tammany Council on the Aging, Inc.**

## **Management's Discussion and Analysis**

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### **Introduction**

As management of the St. Tammany Council on the Aging, Inc. (the "Council"), we offer readers of the Council's financial statements the management's discussion and analysis (the "MD&A") of the financial activities of the Council, as of and for the year ended June 30, 2019. This section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Council's financial activity, identify changes in the Council's financial position (its ability to address the next and subsequent year challenges), and identify individual program issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the notes to financial statements, required supplementary information, and the other supplementary information that is provided in addition to the MD&A.

### **Financial Highlights**

- Total assets exceeded liabilities by \$5.64 million (reported as net position) as of June 30, 2019, an increase of approximately 19% from the prior fiscal year.
- The Council reported a \$2.12 million net investment in capital assets, an increase of approximately 23% from June 30, 2018 to June 30, 2019.
- The Council's fund revenues increased by \$222,561, or 4.5%, from June 30, 2018 to June 30, 2019.
- The Council's fund expenditures decreased by \$648,922, or 12.2% from June 30, 2018 to June 30, 2019.
- The unassigned fund balance for the Council's general fund was \$3.49 million at June 30, 2019 which is a \$0.60 million, or 20.6%, increase from the prior fiscal year.
- No deficit fund balances existed as of June 30, 2019.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements, which include three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business. The government-wide financial statements outline functions of the Council that are principally supported by grants, property taxes, and intergovernmental revenues (governmental activities). Capital assets are also supported by grants, property taxes, and intergovernmental revenues.

# **St. Tammany Council on the Aging, Inc.**

## **Management's Discussion and Analysis**

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### ***Statement of Net Position***

The statement of net position presents information on all of the Council's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

### ***Statement of Activities***

The statement of activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The statement of activities is focused on both the gross and net cost of various activities. This is intended to summarize and simplify the reader's analysis of the revenues and costs of various government activities and the degree to which activities are subsidized by general revenues.

Both of these government-wide financial statements distinguish functions of the Council that are principally supported by grants, property taxes, and intergovernmental revenues (governmental activities). The governmental activities of the Council include health, welfare, and social services. The government-wide financial statements can be found on pages 12 – 13 of this report.

### **Fund Financial Statements**

A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council are reported as governmental funds.

### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on fund balances at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

# **St. Tammany Council on the Aging, Inc.**

## **Management's Discussion and Analysis**

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Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for five major funds and an aggregate total for all nonmajor funds. The Council's major governmental funds are the: General Fund, Title III B Fund, Title III C-1 Fund, Title III C-2 Fund, and Senior Center Fund. Individual fund data for the Council's nonmajor governmental funds are provided in the form of combining statements within the supplementary information section of this report. The governmental fund financial statements can be found on pages 14 – 18.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 19 – 37 of this report.

### **Required Supplementary Information**

In addition to this discussion and analysis, this report also presents required supplementary information on budgetary comparisons on pages 38 – 42 of this report.

### **Other Supplementary Information**

The combining statements referred to earlier are presented immediately following the required supplementary information and can be found on page 43. The Council also presents the comparative schedule of capital assets and changes in capital assets, as required by the Governor's Office of Elderly Affairs, at page 44 and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute 24:513 A, at page 45.

The Council presents the schedule of expenditures of federal awards at page 46 as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**St. Tammany Council on the Aging, Inc.**  
**Management's Discussion and Analysis**

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**Financial Analysis of the Council**

The condensed statements of net position consisted of the following at June 30:

	2019	2018	Increase (Decrease)	Variance
<b>Assets</b>				
Current assets	\$ 3,623,425	\$ 3,204,340	\$ 419,085	13.08%
Capital assets, net	2,120,636	1,606,891	513,745	31.97%
	<u>\$ 5,744,061</u>	<u>\$ 4,811,231</u>	<u>\$ 932,830</u>	19.39%
<b>Liabilities</b>				
Current liabilities	\$ 101,905	\$ 182,865	\$ (80,960)	-44.27%
<b>Net Position</b>				
Net investment in capital assets	2,120,636	1,606,891	513,745	31.97%
Unrestricted	3,521,520	3,021,475	500,045	16.55%
	<u>5,642,156</u>	<u>4,628,366</u>	<u>1,013,790</u>	21.90%
	<u>\$ 5,744,061</u>	<u>\$ 4,811,231</u>	<u>\$ 932,830</u>	19.39%

Restricted net position is available only for expenditures that meet legislative requirements. Conversely, unrestricted net position does not have any limitations on how these amounts may be spent.

Current assets increased by \$419,085, approximately 13%, from June 30, 2018 to June 30, 2019, due primarily to an increase in pooled investments. Capital assets increased by \$513,745, approximately 32% from June 30, 2018 to June 30, 2019, due to additions to vehicles, building improvements, and equipment.

## St. Tammany Council on the Aging, Inc. Management's Discussion and Analysis

The condensed statements of revenues, expenses, and changes in net position consisted of the following for the years ended June 30:

	2019	2018	Increase (Decrease)	Variance
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 16,894	\$ 21,154	\$ (4,260)	-20.14%
Operating grants and contributions	3,100,600	2,986,099	114,501	3.83%
Capital grants and contributions	499,350	-	499,350	100.00%
General revenues				
Unrestricted grants and contributions	21,098	7,818	13,280	169.86%
Ad valorem taxes	1,928,964	1,847,493	81,471	4.41%
Interest income	61,373	34,438	26,935	78.21%
Other general revenues	5,211	37,559	(32,348)	-86.13%
	<u>5,633,490</u>	<u>4,934,561</u>	<u>698,929</u>	<u>14.16%</u>
<b>Expenses</b>				
Program expenses				
Supportive social services				
Transportation	2,535,798	2,535,263	535	0.02%
Other supportive social services	213,695	242,364	(28,669)	-11.83%
Nutrition services	1,116,222	1,052,088	64,134	6.10%
Senior citizen center	575,324	563,772	11,552	2.05%
Other program expenses	115,304	119,244	(3,940)	-3.30%
Administration	175,199	115,645	59,554	51.50%
	<u>4,731,542</u>	<u>4,628,376</u>	<u>103,166</u>	<u>2.23%</u>
<b>Change in net position</b>	901,948	306,185	595,763	194.58%
Net position, beginning of year	4,740,208	4,322,181	418,027	9.67%
<b>Net position, end of year</b>	<u>\$ 5,642,156</u>	<u>\$ 4,628,366</u>	<u>\$ 1,013,790</u>	<u>21.90%</u>

The Council's revenues increased by \$698,929, approximately 14%, from June 30, 2018 to June 30, 2019 due primarily from an increase in operating and capital grants.

Net position increased by \$1,013,790, approximately 21.90%, from June 30, 2018 to June 30, 2019 due from revenues exceeding expenses and recording a prior period adjustment to reduce accumulated depreciation (see note 2 to the financial statements).

# **St. Tammany Council on the Aging, Inc.**

## **Management's Discussion and Analysis**

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### **Financial Analysis of the Council's Funds**

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Council's funds are reported as governmental funds and provide information on near-term inflows, outflows, and balances of resources available for future spending. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Types of governmental funds reported by the Council include the following major funds: General Fund, Title III B Fund, Title III C-1 Fund, Title III C-2 Fund, and Senior Center Fund. At the end of June 30, 2019 fiscal year, the Council's governmental funds reported combined fund balances of \$3,560,971, an increase of \$503,150, approximately 16%, over the June 30, 2018 fiscal year. Of the total fund balances, \$3,494,729 is unassigned. The unassigned balance constitutes the fund balances that are accessible to meet the Council's needs. The remainder of the governmental fund balances include \$66,242 nonspendable for items that are not expected to be converted to cash, such as prepaid expenses.

For the year, the General Fund's total revenues exceeded expenditures by \$2,603,760, before transfers and other items of \$2,100,610, resulting in total general fund balance increasing by \$503,150. Overall, the significant growth in revenues, particularly in operating grants and ad valorem taxes was partly offset by increased transfers to other funds to meet spending requirements, as well as expenditure growth, particularly in community health, welfare, and social services, due to growing demand for services. The net result was an increase in fund balance this fiscal year.

### **General Fund Budgetary Highlights**

The Council's budget was amended once during the 2019 fiscal year. The final budgeted expenditures of the general fund were \$1,371,217 and revenues were budgeted at \$3,812,027. Actual expenditures, budgetary basis, of the general fund were less than the budgeted amounts by \$42,985, approximately 3.24%. Revenues were greater than budgeted amounts by \$119,965, approximately 3.05%. The budgetary comparison schedules of the major governmental funds can found at pages 38 – 42.

The variances within the General Fund and remaining major funds are within the expectations of management.

# St. Tammany Council on the Aging, Inc.

## Management's Discussion and Analysis

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### Capital Assets

At June 30, 2019 the Council had \$2,120,636 invested in capital assets, net of accumulated depreciation. This investment in capital assets consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>	<u>Variance</u>	<u>Variance</u>
Assets not being depreciated				
Land	\$ 478,598	\$ 478,598	\$ -	0.00%
Assets being depreciated				
Buildings and improvements	1,148,416	1,137,010	11,406	1.00%
Vehicles	1,112,665	711,190	401,475	56.45%
Office furniture and equipment	55,586	58,842	(3,256)	-5.53%
Computer equipment and software	131,813	105,455	26,358	24.99%
Nutrition equipment	34,437	31,229	3,208	10.27%
	<u>2,482,917</u>	<u>2,043,726</u>	<u>439,191</u>	<u>21.49%</u>
Accumulated depreciation	<u>(840,879)</u>	<u>(803,591)</u>	<u>(37,288)</u>	<u>-4.64%</u>
	<u>1,642,038</u>	<u>1,240,135</u>	<u>401,903</u>	<u>32.41%</u>
	<u>\$ 2,120,636</u>	<u>\$ 1,718,733</u>	<u>\$ 401,903</u>	<u>23.38%</u>

*\*The schedule above reflects a prior period adjustment which resulted in a restatement of land, buildings and improvements, and accumulated depreciation at June 30, 2018. See Note 2 to the financial statements for further details.*

The Council's investment in capital assets, net of accumulated depreciation, increased by \$401,903, or 23.38%, from June 30, 2018 to June 30, 2019 due to capital asset additions exceeding depreciation. Additions made during the 2019 fiscal year include the following:

Buildings and improvements	\$ 46,080
Vehicles	541,844
Office furniture and equipment	5,092
Computer equipment and software	27,275
Nutrition equipment	3,208
	<u>\$ 623,499</u>

# **St. Tammany Council on the Aging, Inc.**

## **Management's Discussion and Analysis**

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### **Economic Factors and Next Year's Operations and Rates**

The Council receives most of its funding from federal, state, and local 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 services provided by the Council and, therefore, revenues may vary from year to year.

In setting its budget for fiscal year 2020, it was important to management that at least the same level of service be delivered to clients and the public as were provided in fiscal year 2019.

All the Council's grants and contracts from the usual federal and state agencies have been approved for fiscal year 2020. There have been no significant changes to the funding levels or terms of the grants and contracts. Management has budgeted \$5,311,528 of revenues and expenditures for the Council's programs in fiscal year 2020. The Governor's Office of Elderly Affairs has approved the Council's initial budget for fiscal year 2020.

The majority of the property tax revenue that is expected to be received in the fiscal year will be received between February and March of 2020. Since the timing of the receipt of these funds is in the latter part of the fiscal year, the Council maintains significant cash balances at fiscal year-end in order to maintain continuity of operations in the next fiscal year until the property tax payments are received.

### **Contacting the Council's Management**

This financial report is designed to provide a general overview of the Council's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Julie Agan, *Executive Director*, P.O. Box 171, Covington, Louisiana, 70434 (72060 Ramos Avenue, Covington, Louisiana, 70433); 985-892-0377; [coast@coastseniors.org](mailto:coast@coastseniors.org).

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***Government-Wide Financial Statements***

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**St. Tammany Council on the Aging, Inc.**  
**Statement of Net Position**  
**June 30, 2019**

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**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	278,992
Receivables		161,076
Prepaid expenses		66,242
Pooled investments		3,116,115
Deposits		1,000
		<u>3,623,425</u>

**Noncurrent Assets**

Capital assets, net		<u>2,120,636</u>
	\$	<u>5,744,061</u>

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts payable	\$	46,192
Accrued payroll and related liabilities		16,262
Compensated absences		39,451
		<u>101,905</u>

**Net Position**

Net investment in capital assets		2,120,636
Unrestricted		3,521,520
		<u>5,642,156</u>
	\$	<u>5,744,061</u>

**St. Tammany Council on the Aging, Inc.**  
**Statement of Activities and Changes in Net Position**  
**For the Year Ended June 30, 2019**

Functions/Programs	Direct Expenses	Indirect Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>PRIMARY GOVERNMENT</b>						
Health, welfare and social services						
Supportive social services						
Transportation	\$ 2,158,578	\$ 377,220	\$ 16,894	\$ 1,875,171	\$ 499,350	\$ (144,383)
Homemaker	58,823	10,766	-	227,635	-	158,046
Legal	18,200	-	-	-	-	(18,200)
Information and assistance	38,177	6,983	-	-	-	(45,160)
Outreach	1,157	212	-	-	-	(1,369)
Personal care	16,581	3,034	-	-	-	(19,615)
Medic alert	17,302	1,094	-	-	-	(18,396)
Other services	38,636	2,730	-	-	-	(41,366)
Nutritional services						
Congregate meals	357,044	63,934	-	325,980	-	(94,998)
Home delivered meals	590,331	104,913	-	267,992	-	(427,252)
Health promotion, disease prevention	19,693	3,601	-	12,788	-	(10,506)
Family caregiver support	73,495	13,450	-	66,478	-	(20,467)
Senior citizen center	490,821	84,503	-	247,583	-	(327,741)
Senior olympics	3,000	-	-	-	-	(3,000)
Restricted utility assistance	2,065	-	-	3,688	-	1,623
Administration	847,639	(672,440)	-	73,285	-	(101,914)
	<u>4,731,542</u>	<u>-</u>	<u>16,894</u>	<u>3,100,600</u>	<u>499,350</u>	<u>(1,114,698)</u>
<b>General Revenues</b>						
Grants and contributions not restricted to specific programs						21,098
Ad valorem taxes						1,928,964
State revenue sharing						26,540
Interest income						61,373
Net gains (losses) on disposal of assets						(22,981)
Other income						1,652
						<u>2,016,646</u>
<b>Change in net position</b>						
Net position, beginning of year, as restated ( <i>see Note 2</i> )						4,740,208
<b>Net position, end of year</b>						<u>\$ 5,642,156</u>

See accompanying notes to financial statements.

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***Governmental Funds Financial Statements***

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**St. Tammany Council on the Aging, Inc.**  
**Balance Sheet – Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds						Total
	General Fund	Title III B	Title III C-1	Title III C-2	Senior Center	Non-Major Funds	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 278,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,992
Accounts receivable	161,076	-	-	-	-	-	161,076
Prepaid expenses	66,242	-	-	-	-	-	66,242
Pooled investments	3,116,115	-	-	-	-	-	3,116,115
Deposits	1,000	-	-	-	-	-	1,000
	<u>\$ 3,623,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,623,425</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 46,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,192
Accrued payroll	16,262	-	-	-	-	-	16,262
	<u>62,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,454</u>
<b>Fund Balances</b>							
Nonspendable	66,242	-	-	-	-	-	66,242
Unassigned	3,494,729	-	-	-	-	-	3,494,729
	<u>3,560,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,560,971</u>
	<u>\$ 3,623,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,623,425</u>

See accompanying notes to financial statements.

**St. Tammany Council on the Aging, Inc.**  
**Reconciliation of the Governmental Funds Balance Sheet to**  
**the Statement of Net Position**  
**For the Year Ended June 30, 2019**

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Total fund balances, as reflected on the governmental funds balance sheet	\$ 3,560,971
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	2,120,636
Compensated absences are not paid for out of current financial resources and, therefore, are not reported as liabilities in the governmental funds	<u>(39,451)</u>
Net position, as reflected on the statement of net position	<u><u>\$ 5,642,156</u></u>

**St. Tammany Council on the Aging, Inc.**  
**Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances – Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds					Non-Major Funds	Total
	General Fund	Title III B	Title III C-1	Title III C-2	Senior Center		
<b>Revenues</b>							
Intergovernmental revenues							
Governor's Office of Elderly Affairs							
Primary grants	\$ 300	\$ 226,185	\$ 195,488	\$ 264,312	\$ 247,583	\$ 152,251	\$ 1,086,119
NSIP grants	-	-	121,648	-	-	-	121,648
St. Tammany Parish	1,892,065	-	-	-	-	-	1,892,065
City of Covington	6,000	-	-	-	-	-	6,000
State revenue sharing	26,540	-	-	-	-	-	26,540
Ad valorem taxes	1,928,964	-	-	-	-	-	1,928,964
Utility assistance	-	-	-	-	-	3,688	3,688
Client contributions for specific services	-	1,450	8,844	3,680	-	-	13,974
Public donations	15,098	-	-	-	-	-	15,098
Interest income	61,373	-	-	-	-	-	61,373
Other income	1,652	-	-	-	-	-	1,652
	<u>3,931,992</u>	<u>227,635</u>	<u>325,980</u>	<u>267,992</u>	<u>247,583</u>	<u>155,939</u>	<u>5,157,121</u>

See accompanying notes to financial statements.

**St. Tammany Council on the Aging, Inc.**  
**Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances – Governmental Funds (Continued)**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds					Non-Major Funds	Total
	General Fund	Title III B	Title III C-1	Title III C-2	Senior Center		
<b>Expenditures</b>							
Salaries and wages	666,318	728,378	157,432	173,591	296,076	85,914	2,107,709
Employee benefits	169,021	192,724	41,455	44,256	60,317	19,896	527,669
Operating services	289,571	364,540	19,308	52,695	129,112	68,696	923,922
Operating supplies	116,019	110,523	1,568	14,186	40,750	2,210	285,256
Other operating costs	27,542	28,115	3,264	5,357	4,314	4,602	73,194
Client meals	-	-	188,415	384,884	-	-	573,299
Travel	3,928	5,564	5,884	2,928	15,446	1,837	35,587
Utility assistance	-	-	-	-	-	2,065	2,065
Special events and fundraising	12,508	-	-	-	-	-	12,508
Capital outlay	43,325	29,768	-	-	51,056	-	124,149
	<u>1,328,232</u>	<u>1,459,612</u>	<u>417,326</u>	<u>677,897</u>	<u>597,071</u>	<u>185,220</u>	<u>4,665,358</u>
<b>Excess(deficiency) of operating revenues over expenses</b>	2,603,760	(1,231,977)	(91,346)	(409,905)	(349,488)	(29,281)	491,763
<b>Other financing sources (uses)</b>							
Transfers in	-	1,231,977	91,346	409,905	349,488	30,904	2,113,620
Transfers (out)	(2,111,997)	-	-	-	-	(1,623)	(2,113,620)
Proceeds from sale of assets	11,387	-	-	-	-	-	11,387
	<u>(2,100,610)</u>	<u>1,231,977</u>	<u>91,346</u>	<u>409,905</u>	<u>349,488</u>	<u>29,281</u>	<u>11,387</u>
<b>Net change in fund balances</b>	503,150	-	-	-	-	-	503,150
Fund balances, beginning of year	<u>3,057,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,057,821</u>
<b>Fund balances, end of year</b>	<u>\$ 3,560,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,560,971</u>

See accompanying notes to financial statements.

**St. Tammany Council on the Aging, Inc.**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2019**

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Net change in fund balances as reflected on the statement of revenues, expenditures, and changes in fund balances \$ 503,150

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount depreciation expense exceeds capital outlay (63,099)

The statement of revenues, expenditures, and changes in fund balances reports all proceeds from the sale of assets as other financing sources. However, the statement of activities recognizes only the gain or loss on the disposal of assets. This is the amount by which the net loss on the disposal of assets exceeded sale proceeds (34,348)

Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds:

Value of donated capital assets 499,350

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

Change in accrued compensated absences (3,105)

Change in net position as reflected on the statement of activities \$ 901,948

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*Notes to Financial Statements*

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# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

The accounting and reporting policies of St. Tammany Council on the Aging, Inc. (the "Council") conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB). The following is a summary of certain significant accounting policies used by the Council:

#### *Purpose of the Council on the Aging*

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

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

#### *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 GOEA with the specific intention to administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging. 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 the GOEA.

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

# **St. Tammany Council on the Aging, Inc.**

## **Notes to Financial Statements**

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A Board of Directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. Each member may serve no more than two consecutive terms. A board member who has served two consecutive terms is ineligible to serve on the Board of Directors for one year. Reasonable efforts are made to maintain a Board of Directors who is representative of the population of St. Tammany Parish. Nominations to fill expiring terms of board members are made in April to the Council's membership committee that will consider and screen the nominations. The membership committee nominates who it believes to be the best-qualified persons to the board. The members of the Council elect board members at their annual membership meeting in June. Any adult citizen of St. Tammany Parish, age 60 and over, may register to be a member of the Council. Membership fees are not charged.

Based on the criteria set forth in GASB Codification Section 2100, *Defining 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. The Council presents its financial statements as a special purpose, stand-alone government; accordingly, it applies the provisions of GASB as if it were a primary government.

### ***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, the purpose of which are to report individual major governmental funds and combined non-major 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 position and the statement of activities for all activities of the Council. As a general rule, the effect of interfund activity is eliminated from the statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net position resulting from the activities of the current fiscal year. Governmental activities generally are supported by intergovernmental revenues and property tax revenues.

In the government-wide statement of net position, a single column is presented for total governmental activities which are presented on a consolidated basis.

The statement of net position is prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues such as intergovernmental revenues, property taxes, and unrestricted public support, particularly if the function or program has a net cost.

## St. Tammany Council on the Aging, Inc.

### Notes to Financial Statements

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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 are clearly identifiable with a specific function or program, whereas the Council allocates its indirect expenses among various functions and programs. The statement of activities shows this allocation in a separate column labeled indirect expenses. The GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA administrative funds are allocated to the Council's other functions and programs.

In the statement of activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. 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. There were no special items this year.

#### ***Fund Financial Statements***

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, fund balances, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net position. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. For this year, no additional funds were deemed to be major funds by management. The non-major funds are summarized by category or fund type into a single column in the fund financial statements.

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

- The General Fund is the primary operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund.

The following are brief descriptions of the programs that comprise the Council's General Fund:

**St. Tammany Council on the Aging, Inc.**  
**Notes to Financial Statements**

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- Local Programs and Funding- The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at management’s discretion. Expenditures to acquire capital assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditure, are generally recorded in the local program. Because these funds are mostly unrestricted, they are often transferred to other programs and funds to eliminate deficits in cases where the expenditures of the other programs and funds exceeded their revenues.
- Senior Citizen Activities - The Council operates centers in Slidell, Lacombe, Covington, Mandeville, Folsom, Bush, and Pearl River. The revenues and related expenditures for senior center activities are maintained separately within the Council's general ledger.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following are brief descriptions of the purpose of each special revenue fund and the classification as either a major or non-major governmental fund:

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

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

Service	Units
Homemaker	2,095
Legal assistance	287
Material aid	155
Outreach	26
Recreation	21,610
Transportation	41,089
Medic alert	488
Information and assistance	2,069
Chore	286

- Title III C-1 Fund - The Title III C-1 Fund accounts for funds used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout St. Tammany Parish. The Council maintains meal sites in Slidell, Mandeville, Covington, Lacombe, Folsom, Bush, and Pearl River. During the year, the Council served 60,567 meals to people eligible to participate in this program.

# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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- Title III C-2 Fund - The Title III C-2 Fund accounts for funds used to provide nutritional meals to homebound people who are age 60 or older. Using Title III C-2 funds, the Council served 103,690 meals during the year to people eligible to participate in this program.
- Senior Center Fund - The Senior Center Fund accounts for the administration of senior center program funds appropriated by the Louisiana Legislature to the GOEA, which, in turn, passes through the funds to the Council. The purpose of this program is to provide a community service center where elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The primary senior centers for the Parish are located in Covington, Lacombe, Mandeville, Pearl River, and Slidell.

In addition, satellite senior centers are located in Folsom and Bush. Senior center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Management did not transfer any of this year's senior center grant funds to any other programs. All revenue received in the Senior Center Fund account was used to pay operating costs for the senior centers.

The following is a description of the non-major governmental funds of the Council:

- Area Agency Administration (AAA) Fund- The Area Agency Administration Fund is used to account for a portion of the indirect costs of administering the Council's programs. The Council allocates administrative costs to this fund first. Once the GOEA funds are completely used, any indirect costs in excess of the funds provided by the GOEA are distributed to other funds and programs using a formula based on the percentage each program's direct costs bear to direct costs for all programs. Indirect costs are not allocated to all funds because program restrictions may prohibit or limit the payment of administrative costs.
- Title III D Fund - The Title III D Fund accounts are used for wellness, which includes disease prevention and health promotion activities.
- Title III E Fund- The Title III E Fund accounts relate to the National Family Caregiver Support program. The National Family Caregiver Support program is designed to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. This program targets older, low-income individuals. Specific types of services that can be provided by this program include: material aid, support groups, respite care, sitter service, and information and assistance. Eligible participants include (1) adult family members, or another adult person, who provide 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 (a) lives with the child, (b) is the primary caregiver, and (c) has a legal relationship to the child or is raising the child informally. During the year, the Council provided 143 units of information and assistance, 1,356 units of in-home respite care, 356 units of material aid, 27 units of support group services, and 84 units of public education.

# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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- **Supplementary Senior Center Fund** - the Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary grant for senior centers. Due to the census, the Council was one of the parish councils to receive an amended supplemental grant. The money received by this fund during the year is transferred to the Senior Center Fund to supplement the services provided by this fund. The GOEA provided these funds to the Council.
- **Utility Assistance Fund**- the Utility Assistance Fund accounts for the administration of utility assistance programs sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds. The Council's general policy is to provide utility assistance of up to \$100 per eligible person once per year. During the year, the Council was able to provide assistance in 48 instances for different people with these funds.

### ***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 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 current assets and current liabilities are included on the fund balance sheet. The operating statements of the fund's present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual 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 six months of the current fiscal year-end, except for property tax revenues, which are accrued if they are collected within 60 days of year-end.

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

# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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### *Net Position in the Government-Wide Financial Statements*

In the government-wide statement of net position, the net asset amount is classified and displayed in three components:

- *Net investment in capital assets* - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.
- *Restricted net position* - consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Council's normal policy is to use restricted resources first to finance its activities, except for nutrition services.

When providing nutrition services, revenues earned by the Council under its NSIP contract are used to pay for raw food that is bought and served to a person eligible to receive a meal under the nutrition programs. The Council's management has discretion as to how and when to use the NSIP revenues when paying for nutrition program costs. Unrestricted resources are available for use that must be consumed or they will be returned to the grantor agency; therefore, management elects to apply and consume the unrestricted resources before the restricted resources. As a result, in this case, the Council will depart from its usual policy of using restricted resources first.

### *Fund Balance - Fund Financial Statements*

The Council has adopted GASB Codification Sections 1300, Fund Accounting, and 1800, Classification and Terminology, which changed the reporting of fund balance in the balance sheets of governmental type funds. In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Council is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components: non-spendable, restricted, committed, assigned, and unassigned.

- *Nonspendable*- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* - consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Council to assess, levy, change, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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- *Committed* - consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned*- consists of amounts that are constrained by the Council's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* - consists of amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. When both restricted and unrestricted resources are available for use, the Council uses restricted resources first, then unrestricted resources (committed, assigned, and unassigned).

When fund balance resources are available for a specific purpose in multiple classifications, the Council would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds. As of June 30, 2019, the Council had no restricted, committed, or assigned fund balances.

### *Use of Estimates*

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

### *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 GOEA provides funds to partially subsidize the Council's administration function. The unsubsidized net cost of the administration function is allocated using a formula based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant, contract, or donor restrictions.

### *Interfund Activity*

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

### *Cash and Cash Equivalents*

Cash and cash equivalents include not only currency on hand, but also demand deposits and money market funds with banks or other financial institutions. The Council considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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For purposes of the statement of net position, restricted cash is amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose.

### *Receivables*

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

### *Investments*

GASB Codification Section 150, Investments, requires the Council to report its investments at fair value in the statement of net position, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors. The Council had investments of \$3,116,115 at June 30, 2019.

### *Capital Assets*

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

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

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method over 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. The estimated useful lives of the depreciable capital assets are as follows:

Category	Years
Buildings and leasehold improvements	20 - 30
Vehicles	5 - 9
Office furniture and equipment	6 - 10
Computer equipment and software	5
Nutrition equipment	5

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# **St. Tammany Council on the Aging, Inc.**

## **Notes to Financial Statements**

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When calculating depreciation, the State of Louisiana'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.

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.

### ***Unpaid Compensated Absences***

The Council's policies for vacation leave permits employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the government-wide financial statements. Management has estimated the current and long-term portions of this liability based on the Council's policy as it relates to vacation leave. Accordingly, all amounts earned and unused as of year-end are considered a current liability for purposes of the statement of net position. 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 as of June 30, 2019.

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. 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 difference 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 or the fund financial statements relative to sick leave.

### ***Income Taxes***

Under the provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Council is exempt from taxes on income other than unrelated business income. Since the Council had no net unrelated business income during the year ended June 30, 2019, no provision for income tax was made.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Council believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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### *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 non-major funds has not been included anywhere in these financial statements. The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for its programs.
- Management projects property tax revenues based on past trends and data available at the Parish Assessor's Office to form expectations of future revenues.
- The revenue information supplied by the GOEA and the Parish Assessor are considered by management along with revenue projections of grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information has been obtained to project revenues and expenditures, the Council's executive director prepares a proposed budget based on the projections. The proposed budget is reviewed and approved by the Council's Finance Committee before it is submitted to the Board of Directors for approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting held before May 31 of the current fiscal year.
- The adopted budget is forwarded to the GOEA for compliance approval.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, management will automatically budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The match might be made in one year and the vehicles delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. Budget amendments are sent to the GOEA and approved by that agency.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items in its budget as often as required but must obtain compliance approval from the GOEA for funds received under grants from this agency. As part of its grant compliance, the GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%, unless unrestricted funds are available to cover the overrun.
- Expenditures cannot exceed budgeted revenues on an individual fund level, unless a large 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.

# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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### *New Accounting Pronouncements*

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" to address practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). Specifically, this statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement did not affect the Council's financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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Statement No. 84, *"Fiduciary Activities"* improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, *"Leases"* increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

## 2. Prior Period Adjustment

The Council depreciated land values associated with buildings since the date the land was placed into service. In the current fiscal year, a prior period adjustment was made to segregate the costs of land from assets being depreciated and reduce accumulated depreciation by the amount the land was depreciated. As a result, unrestricted net position increased and was restated as follows:

Net position at June 30, 2018, as previously reported	\$ 4,628,366
Prior period adjustment - capital asset reclassifications	<u>111,842</u>
Net position at June 30, 2018, as restated	<u><u>\$ 4,740,208</u></u>

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# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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### 3. Cash

The Council maintains a consolidated operating bank account at a financial institution, which is available for use by all funds to deposit revenues and pay expenses. 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. The Council also maintains a demand deposit account for payroll disbursements and a savings account for easy access to funds should they be needed for operations.

The Council has concentrated its credit risk by maintaining deposits in banks located within the same geographic region that may, at times, exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC). The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

### 4. Investments

At June 30, 2019, the Council had an investment of \$3,116,115 with the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation, organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LRS 33:2955. GASB Codifications C20, *Cash Deposits with Financial Institutions*, and I50, *Investments*, require disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5% disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosures using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.
- Foreign currency risk: Not applicable.

**St. Tammany Council on the Aging, Inc.**  
**Notes to Financial Statements**

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at (800) 249-5267.

**5. Capital Assets**

The following schedule provides a summary of changes in capital assets and accumulated depreciation:

	Balance 06/30/18	Additions	Dispositions	Balance 06/30/19
Capital Assets Not Being Depreciated				
Land	\$ 478,598	\$ -	\$ -	\$ 478,598
Capital Assets Being Depreciated				
Buildings and leasehold improvements	1,137,010	46,080	(34,674)	1,148,416
Vehicles	711,190	541,844	(140,369)	1,112,665
Office furniture and equipment	58,842	5,092	(8,348)	55,586
Computer equipment and software	105,455	27,275	(917)	131,813
Nutrition equipment	31,229	3,208	-	34,437
	<u>2,043,726</u>	<u>623,499</u>	<u>(184,308)</u>	<u>2,482,917</u>
Accumulated Depreciation				
Buildings and leasehold improvements	(177,001)	(44,099)	4,104	(216,996)
Vehicles	(505,315)	(112,685)	140,368	(477,632)
Office furniture and equipment	(40,575)	(4,792)	4,754	(40,613)
Computer equipment and software	(60,955)	(22,264)	734	(82,485)
Nutrition equipment	(19,745)	(3,408)	-	(23,153)
	<u>(803,591)</u>	<u>(187,248)</u>	<u>149,960</u>	<u>(840,879)</u>
Total capital assets being depreciated, net	<u>1,240,135</u>	<u>436,251</u>	<u>(34,348)</u>	<u>1,642,038</u>
Capital assets, net	<u>\$ 1,718,733</u>	<u>\$ 436,251</u>	<u>\$ (34,348)</u>	<u>\$ 2,120,636</u>

The Council's management has reviewed the remaining capital assets and does not believe any of them to have been impaired as of fiscal year-end. Depreciation was charged to governmental activities as follows:

Administration	\$ 41,457
Supportive Social Services: Transportation	96,447
Senior Citizen Center Operations	28,874
Nutrition Services: Congregate Meals	3,408
Nutrition Services: Home-Delivered Meals	17,062
	<u>\$ 187,248</u>

# **St. Tammany Council on the Aging, Inc.**

## **Notes to Financial Statements**

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### **6. Compensated Absences**

For purposes of the statement of net position, the Council has presented all of its accumulated unpaid vacation leave as a current liability. Vested amounts should be used before the end of the next fiscal year; therefore, no liability for vacation leave has been presented in the balance sheet- governmental funds. Vacation leave is not a liability until the employee has made a request to use it or terminates employment with the Council. As of June 30, 2019, compensated absences were \$39,451.

### **7. Ad Valorem Tax**

During fiscal year 2009, a property tax was adopted by the voters of St. Tammany Parish to provided money to finance the Council's operations. The property tax was renewed for an additional 10-year period in December 2016. The St. Tammany Parish Assessor will assess the property tax each November 15 for ten years. The tax will be based upon the assessed value, less homestead exemptions, on all real and business property located within the Parish. One mill is the maximum amount the Council may legally elect to assess property owners each year.

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

The Council records property taxes as revenues in accordance with the modified accrual basis of accounting. The Council also accrues, as current year revenues, any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available.

Property tax revenues in the statement of revenues, expenditures, and changes in fund balances - governmental funds include \$39,724 withheld by the Sheriff to make on-behalf payments for fringe benefits, which represent the Council's pro rata share of retirement plan contributions for other governmental units. This amount has been included as a component of intergovernmental expenditures in the statement of revenues, expenditures, and changes in fund balances - governmental funds. For purposes of the government-wide statement of activities, property tax revenues of \$1,968,688 were reduced by \$39,724 withheld by the Parish for retirement benefits and administrative charges to produce net property tax revenue of \$1,928,964, which was a component of general revenues on that statement.

### **8. In-Kind Contributions**

The Council received a variety of in-kind contributions during the year; but did not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets totaling \$499,350 for the year ended June 30, 2019. 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.

# **St. Tammany Council on the Aging, Inc.**

## **Notes to Financial Statements**

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The Council received the following in-kind contributions during the year for its senior centers and meal sites, which management estimates the aggregate in-kind value to be \$55,200:

- The Slidell Senior Center is furnished by the City of Slidell for an annual cost of \$1 for rent.
- The Mandeville meal site is furnished by the City of Mandeville without charge for rent and utilities.
- The Town of Pearl River furnishes the Pearl River meal site at no charge. Furthermore, the Council is responsible for paying the utility bills and a monthly cleaning fee.

### **9. Board of Directors Compensation**

The Board of Directors is a voluntary board. Board members do not receive compensation. Board members can submit an expense request form for out-of-pocket expenses that are in accordance with the Council's travel reimbursement policy.

### **10. Judgements, Claims, and Similar Contingencies**

The Council is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; officer and directors' liability; business interruption; natural disasters; and volunteer liability. Except for business interruption and certain acts of God, the Council has purchased commercial insurance to reduce the risk of loss that may arise in the event of these occurrences. 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 is party to routine claims and legal proceedings arising in the ordinary course of business. All such claims are covered by insurance and, in the opinion of management, the outcome of such actions will have no material impact on the financial condition or results of operations for the Council.

### **11. Contingencies - Grant Programs**

The Council participates in state and federal grant programs governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit by the grantor agencies; therefore, any noncompliance may cause funds to be returned to the grantor. In management's opinion, there are no significant contingent liabilities related to compliance with 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 disallowed costs should be recognized in the period agreed upon by the grantor agency and the Council.

### **12. Economic Dependency**

The Council's largest single source of revenue is from a property tax. If the property in St. Tammany Parish were to be assessed at lower values due to natural disaster or another unpredictable event, the amount of property tax revenue that the Council receives could be adversely affected. Management is not aware of any other actions or events that would affect the Council.

# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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The Council also receives significant amounts of its annual revenues from the GOEA. The revenues are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal 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 significantly affect the amount of funds the Council will receive next year relating to revenues it usually receives from the GOEA.

### 13. Lease and Rental Commitments

On July 30, 1994, the Council entered into a 20-year lease with the City of Slidell whereby the Council will rent from the City, for \$1 per year, a building referred to as the Slidell Senior Citizens Center at 610 Cousin Street, Slidell, Louisiana. The Council has the right to renew this lease for 10 additional years under the same terms and conditions. Either party may terminate the lease with 120 days written notice. The City will be responsible for any repair requiring labor and material of \$501 or more. This location was destroyed by Hurricane Katrina in August 2005 and was reconstructed by the City of Slidell, and was reopened in March 2013. On May 22, 2014, the Council renewed this lease for the additional 10 years under the same terms and conditions.

On November 19, 2018 the Council entered into a Cooperative Endeavor Agreement with St. Tammany to lease office space at the property located at 21410 Koop Drive, Mandeville. The term of the lease is 24 months with monthly payments of \$2,500. The Council is responsible for maintaining fire and extended coverage insurance for the premises. For the year ending June 30, 2019, the Council will have minimum lease payments of \$42,500.

On October 13, 2018 the Council entered into a Cooperative Endeavor Agreement with St. Tammany Parish Recreation District 7 to lease the property at 67835 Highway 41, Pearl River. The term of the lease is 12 months with monthly payments of \$380. The Council is responsible for maintaining fire and extended coverage insurance for the premises.

The following schedule reports the future minimum lease payments under non-cancelable operating leases

<u>June 30:</u>	<u>Amount</u>
2020	\$ 31,140
2021	12,500
	<u>\$ 43,640</u>

In addition the lease commitments above, the Council entered into the following month-to-month lease agreements:

On August 1, 2018 the Council entered into a month to month lease agreement to rent the property at 27397 Highway 190, Lacombe, Louisiana for \$1,200 per month. The Council is responsible for paying all utilities, including water, gas, electrical power, and fuel consumed in or on the premises. The Council is also responsible for maintaining fire and extended coverage insurance for the premises. The agreement will continue until a 30 day written notice to vacate is provided by either party.

# St. Tammany Council on the Aging, Inc.

## Notes to Financial Statements

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On March 1, 2013 the Council entered into a Cooperative Endeavor Agreement with St. Tammany Parish Government for use of the Bush Community Center located at 81605 Highway 41, Bush, Louisiana. The Parish agrees to provide electric, water, and sewer utilities to the Center. The Council uses the Center on a non-exclusive basis and only for services to the Parish's senior citizens, including any and all services related thereto.

On August 23, 2018 the Council entered into a Cooperative Endeavor Agreement with St. Tammany Parish Recreation District 12 to lease the property at 13296 LA-40, Folsom, Louisiana for \$150 per month. The Council is responsible for maintaining fire and extended coverage insurance for the premises. The agreement will continue until a 30 day written notice to vacate is provided by either party.

### 14. Interfund Transfers - Fund Financial Statements

The following schedule presents the transfers between funds for the year ended June 30, 2019:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ (2,111,997)
Title III B	1,231,977	-
Title III C-1	91,346	-
Title III C-2	409,905	-
Senior Center	349,488	-
Title III D	10,477	-
Title III E	20,427	-
Restricted Utility Assistance	-	(1,623)
	\$ 2,113,620	\$ (2,113,620)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect the fund to the fund that statute or budget requires to expend the fund and (b) 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 or operational needs. These transfers were eliminated as a part of the consolidation process in preparing the government-wide financial statements.

### 15. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 31, 2020, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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*Required Supplementary Information*

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**St. Tammany Council on the Aging, Inc.**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental revenues				
Governor's Office of Elderly Affairs				
Primary grants	\$ -	\$ -	\$ 300	\$ 300
St. Tammany Parish transportation program	1,770,847	1,859,484	1,892,065	32,581
City of Covington	6,000	6,000	6,000	-
State revenue sharing	-	-	26,540	26,540
Ad valorem taxes	1,794,955	1,877,377	1,928,964	51,587
Public donations	1,770	14,244	15,098	854
Interest income	30,297	51,148	61,373	10,225
Other income	5,079	3,774	1,652	(2,122)
	<u>3,608,948</u>	<u>3,812,027</u>	<u>3,931,992</u>	<u>119,965</u>
<b>Expenditures</b>				
Salaries and wages	768,351	685,811	666,318	19,493
Employee benefits	211,779	178,076	169,021	9,055
Operating services	305,447	298,711	289,571	9,140
Operating supplies	135,015	115,906	116,019	(113)
Other operating costs	43,162	25,548	27,542	(1,994)
Travel	4,098	4,013	3,928	85
Special events and fundraising	5,500	10,430	12,508	(2,078)
Capital outlay	17,000	52,722	43,325	9,397
	<u>1,490,352</u>	<u>1,371,217</u>	<u>1,328,232</u>	<u>42,985</u>
<b>Excess(deficiency) of operating revenues over expenses</b>	<u>2,118,596</u>	<u>2,440,810</u>	<u>2,603,760</u>	<u>162,950</u>
<b>Other financing sources (uses)</b>				
Transfers (out)	(2,118,596)	(2,440,810)	(2,111,997)	328,813
Proceeds from sales of assets	-	-	11,387	11,387
	<u>(2,118,596)</u>	<u>(2,440,810)</u>	<u>(2,100,610)</u>	<u>340,200</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	503,150	<u>\$ 503,150</u>
Fund balances, beginning of year			3,057,821	
<b>Fund balances, end of year</b>			<u>\$ 3,560,971</u>	

*See independent auditor's report.*

**St. Tammany Council on the Aging, Inc.**  
**Budgetary Comparison Schedule**  
**Title III B Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental revenues				
Governor's Office of Elderly Affairs				
Primary grants	\$ 226,185	\$ 226,185	\$ 226,185	\$ -
Client contributions for specific services	991	1,200	1,450	250
	<u>227,176</u>	<u>227,385</u>	<u>227,635</u>	<u>250</u>
<b>Expenditures</b>				
Salaries and wages	834,161	748,829	728,378	20,451
Employee benefits	244,142	202,417	192,724	9,693
Operating services	387,785	375,035	364,540	10,495
Operating supplies	128,569	109,722	110,523	(801)
Other operating costs	43,717	26,062	28,115	(2,053)
Travel	7,314	5,660	5,564	96
Capital outlay	-	32,746	29,768	2,978
	<u>1,645,688</u>	<u>1,500,471</u>	<u>1,459,612</u>	<u>40,859</u>
<b>Excess(deficiency) of operating revenues over expenses</b>	<u>(1,418,512)</u>	<u>(1,273,086)</u>	<u>(1,231,977)</u>	<u>41,109</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>1,418,512</u>	<u>1,273,086</u>	<u>1,231,977</u>	<u>(41,109)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
<b>Fund balances, end of year</b>			<u>\$ -</u>	

*See independent auditor's report.*

**St. Tammany Council on the Aging, Inc.**  
**Budgetary Comparison Schedule**  
**Title III C-1 Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental revenues				
Governor's Office of Elderly Affairs				
Primary grants	\$ 195,488	\$ 195,488	\$ 195,488	\$ -
NSIP grants	121,648	121,648	121,648	-
Client contributions for specific services	10,256	9,795	8,844	(951)
	<u>327,392</u>	<u>326,931</u>	<u>325,980</u>	<u>(951)</u>
<b>Expenditures</b>				
Salaries and wages	147,968	148,375	157,432	(9,057)
Employee benefits	49,285	43,941	41,455	2,486
Operating services	24,100	24,239	19,308	4,931
Operating supplies	-	-	1,568	(1,568)
Other operating costs	-	-	3,264	(3,264)
Client meals	211,620	184,510	188,415	(3,905)
Travel	6,709	5,971	5,884	87
	<u>439,682</u>	<u>407,036</u>	<u>417,326</u>	<u>(10,290)</u>
<b>Excess(deficiency) of operating revenues over expenses</b>	<u>(112,290)</u>	<u>(80,105)</u>	<u>(91,346)</u>	<u>(11,241)</u>
<b>Other financing sources (uses)</b>				
Transfers in	112,290	80,105	91,346	11,241
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
<b>Fund balances, end of year</b>			<u>\$ -</u>	

*See independent auditor's report.*

**St. Tammany Council on the Aging, Inc.**  
**Budgetary Comparison Schedule**  
**Title III C-2 Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental revenues				
Governor's Office of Elderly Affairs				
Primary grants	\$ 264,312	\$ 264,312	\$ 264,312	\$ -
Client contributions for specific services	3,610	3,927	3,680	(247)
	<u>267,922</u>	<u>268,239</u>	<u>267,992</u>	<u>(247)</u>
<b>Expenditures</b>				
Salaries and wages	161,143	172,060	173,591	(1,531)
Employee benefits	51,349	45,097	44,256	841
Operating services	41,904	52,645	52,695	(50)
Operating supplies	20,259	19,686	14,186	5,500
Other operating costs	-	-	5,357	(5,357)
Client meals	404,978	379,808	384,884	(5,076)
Travel	3,198	2,985	2,928	57
	<u>682,831</u>	<u>672,281</u>	<u>677,897</u>	<u>(5,616)</u>
<b>Excess(deficiency) of operating revenues over expenses</b>	<u>(414,909)</u>	<u>(404,042)</u>	<u>(409,905)</u>	<u>(5,863)</u>
<b>Other financing sources (uses)</b>				
Transfers in	414,909	404,042	409,905	5,863
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
<b>Fund balances, end of year</b>			<u>\$ -</u>	

*See independent auditor's report.*

**St. Tammany Council on the Aging, Inc.**  
**Budgetary Comparison Schedule**  
**Senior Center Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental revenues				
Governor's Office of Elderly Affairs				
Primary grants	\$ 236,670	\$ 236,670	\$ 247,583	\$ 10,913
	<u>236,670</u>	<u>236,670</u>	<u>247,583</u>	<u>10,913</u>
<b>Expenditures</b>				
Salaries and wages	329,548	304,187	296,076	8,111
Employee benefits	69,560	64,941	60,317	4,624
Operating services	122,323	128,248	129,112	(864)
Operating supplies	35,352	42,669	40,750	1,919
Other operating costs	4,238	4,124	4,314	(190)
Travel	14,800	14,945	15,446	(501)
Capital outlay	5,000	58,772	51,056	7,716
	<u>580,821</u>	<u>617,886</u>	<u>597,071</u>	<u>20,815</u>
<b>Excess(deficiency) of operating revenues over expenses</b>	<u>(344,151)</u>	<u>(381,216)</u>	<u>(349,488)</u>	<u>31,728</u>
<b>Other financing sources (uses)</b>				
Transfers in	344,151	381,216	349,488	(31,728)
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
<b>Fund balances, end of year</b>			<u>\$ -</u>	

*See independent auditor's report.*

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*Other Supplementary Information*

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**St. Tammany Council on the Aging, Inc.**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	AAA	Title III D	Title III E	Utility Assistance	Total
<b>Revenues</b>					
Intergovernmental revenues					
Governor's Office of Elderly Affairs					
Primary grants	\$ 72,985	\$ 12,788	\$ 66,478	\$ -	\$ 152,251
Utility assistance	-	-	-	3,688	3,688
	<u>72,985</u>	<u>12,788</u>	<u>66,478</u>	<u>3,688</u>	<u>155,939</u>
<b>Expenditures</b>					
Salaries and wages	41,337	19,654	24,923	-	85,914
Employee benefits	7,976	2,431	9,489	-	19,896
Operating services	17,247	850	50,599	-	68,696
Operating supplies	1,792	88	330	-	2,210
Other operating costs	3,731	184	687	-	4,602
Travel	902	58	877	-	1,837
Utility assistance	-	-	-	2,065	2,065
	<u>72,985</u>	<u>23,265</u>	<u>86,905</u>	<u>2,065</u>	<u>185,220</u>
<b>Excess(deficiency) of operating revenues over expenses</b>	<u>-</u>	<u>(10,477)</u>	<u>(20,427)</u>	<u>1,623</u>	<u>(29,281)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	10,477	20,427	-	30,904
Transfers (out)	-	-	-	(1,623)	(1,623)
	<u>-</u>	<u>10,477</u>	<u>20,427</u>	<u>(1,623)</u>	<u>29,281</u>
<b>Net change in fund balances</b>	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report.*

**St. Tammany Council on the Aging, Inc.**  
**Comparative Schedule of Capital Assets and Changes in Capital Assets**  
**For the Year Ended June 30, 2019**

	Balance 06/30/18	Additions	Dispositions	Balance 06/30/19
<b>Capital Assets at Cost</b>				
Land	\$ 478,598	\$ -	\$ -	\$ 478,598
Buildings and leasehold improvements	1,137,010	46,080	(34,674)	1,148,416
Vehicles	711,190	541,844	(140,369)	1,112,665
Office furniture and equipment	58,842	5,092	(8,348)	55,586
Computer equipment and software	105,455	27,275	(917)	131,813
Nutrition equipment	31,229	3,208	-	34,437
	<u>\$ 2,522,324</u>	<u>\$ 623,499</u>	<u>\$ (184,308)</u>	<u>\$ 2,961,515</u>
<b>Investments in Capital Assets</b>				
Property acquired with funds from:				
FTA	\$ 563,323	\$ 499,349	\$ (140,368)	\$ 922,304
Local funds				
General fund	1,800,631	124,150	(35,592)	1,889,189
PCOA supplemental funds	31,763	-	(8,348)	23,415
Senior center funds	86,677	-	-	86,677
In-kind donations	39,930	-	-	39,930
	<u>\$ 2,522,324</u>	<u>\$ 623,499</u>	<u>\$ (184,308)</u>	<u>\$ 2,961,515</u>

*See independent auditor's report.*

**St. Tammany Council on the Aging, Inc.**  
**Schedule of Compensation, Benefits, and Other Payments to Agency Head**  
**For the Year Ended June 30, 2019**

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Agency Head: Julie Agan  
Position: Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 83,431
Benefits - insurance	7,272
Benefits - retirement	2,503
Car allowance	3,600
Per diem	145
Reimbursements	646
Conference travel	292
	<u>\$ 97,889</u>

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***Reports Required by  
Government Accounting Standards***

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**St. Tammany Council on the Aging, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Department of Transportation</b>			
Pass-through program: State of Louisiana Department of Transportation and Development			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	741-99-0190	\$ 210,001
<b>Department of Health and Human Services</b>			
<b>Direct Programs - Aging Cluster</b>			
Pass-through program: Governor's Office of Elderly Affairs			
Special Programs for the Aging - Title III, Part B -			
Grants for Supportive Services and Senior Centers	93.044	734390	154,440 *
Special Programs for the Aging - Title III, Part C -			
Nutrition Services	93.045	734390	333,190 *
Nutrition Services Incentive Program	93.053	734688	121,648 *
			<u>819,279</u>
<b>Department of Health and Human Services</b>			
<b>Direct Programs - Other</b>			
Pass-through program: Governor's Office of Elderly Affairs			
Special Programs for the Aging - Title III, Part D - Disease			
Prevention and Health Promotion Services	93.043	734390	8,606
National Family Caregiver Support, Title III, Part E	93.052	734390	53,595
Medicare Enrollment Assistance Program	93.071	2000143581	300
			<u>62,501</u>
<b>Total expenditures of federal awards</b>			<u>\$ 881,780</u>

\* audited as a major program

**St. Tammany Council on the Aging, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

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***Reporting Entity***

The accompanying schedule of expenditures of federal awards presents the activities of federal award programs expended by St. Tammany Council on the Aging, Inc. (the "Council"). The Council's reporting entity is defined in Note 1 of the notes to financial statements.

***Basis of Presentation***

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Council under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position, fund balance, or changes in fund balance.

***Summary of Significant Accounting Policies***

The schedule of expenditures of federal awards is reported on the same accounting basis as the fund financial statements, which is described in Note 1 of the notes to financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Council did not elect to use the 10 percent de minimis indirect rate.

**Independent Auditor’s Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Tammany Council on the Aging, Inc. (the “Council”) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements, and have issued our report thereon dated January 31, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Council’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Council’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items **2019-1** and **2019-2**.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item **2019-3**.

## **St. Tammany Council on the Aging, Inc.'s Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Covington, Louisiana  
January 31, 2020

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited St. Tammany Council on the Aging, Inc.'s (the "Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2019. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the Council complied in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**Report on Internal Control over Compliance**

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

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

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

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



Covington, Louisiana  
January 31, 2020

**St. Tammany Council on the Aging, Inc.**  
**Summary of Auditor's Results**  
**For the Year Ended June 30, 2019**

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***Financial Statements***

- a. Type of auditors' report issued: Unmodified
- b. Internal control over financial reporting:
- |   |                     |                     |
|---|---------------------|---------------------|
| Material weaknesses identified  | <u>✓</u> yes        | <u>        </u> no  |
| Significant deficiencies identified that are not considered to be material weaknesses | <u>        </u> yes | <u>✓</u> none noted |
- c. Noncompliance material to financial statements noted
- |  |              |                    |
|--|--------------|--------------------|
|  | <u>✓</u> yes | <u>        </u> no |
|--|--------------|--------------------|

***Federal Awards***

- a. Type of auditors' report issued on compliance for major programs: Unmodified
- b. Internal control over major programs:
- |   |                     |                     |
|---|---------------------|---------------------|
| Material weaknesses identified  | <u>        </u> yes | <u>✓</u> no         |
| Significant deficiencies identified that are not considered to be material weaknesses | <u>        </u> yes | <u>✓</u> none noted |
- c. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)
- |  |                     |             |
|--|---------------------|-------------|
|  | <u>        </u> yes | <u>✓</u> no |
|--|---------------------|-------------|
- d. Identification of major programs:
- CFDA # 93.044 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers
- CFDA # 93.045 Special Programs for the Aging - Title III, Part C - Nutrition Services
- CFDA # 93.053 Nutrition Services Incentive Program
- e. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
- f. Auditee qualified as low-risk audit
- |  |              |                    |
|--|--------------|--------------------|
|  | <u>✓</u> yes | <u>        </u> no |
|--|--------------|--------------------|

**St. Tammany Council on the Aging, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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**A. Findings Relating to the Financial Statements Reported in Accordance with  
*Government Auditing Standards***

**2019 – 1 Material Weakness in Internal Controls: Capital Assets**

***Criteria***

Capital assets should be properly identified and classified to ensure accurate financial reporting.

***Condition***

There was a lack of accurate capital asset identification and tracking in prior years. This resulted in capital land values associated with building purchases being subjected to depreciation.

***Cause***

Policies and procedures addressing the type or value of items to be capitalized were not properly implemented.

***Effect***

Capital assets were inaccurately reported in prior years resulting in a restatement of net position.

***Recommendation***

We recommend management report land values separately from their associated building purchases at the time of acquisition.

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

See Management's Response and Corrective Action Plan in the attached letter.

**2019 – 2 Material Weakness in Internal Controls: Financial Reporting**

***Criteria***

- Accounting records should agree with prior year audited balances in order for net position and fund balances to roll-forward correctly.
- Accounting software used to capture financial transactions should be maintained on either the accrual basis (government-wide financial statements) or modified accrual basis (fund financial statements) in order to accurately reconcile between the fund financial statements and government-wide financial statements.
- Manually created spreadsheets should be tested for accuracy with a formal sign off by an individual other than the developer.

***Condition***

- Some adjustments proposed during the prior year audit and accepted by management were not posted to the accounting software. This resulted in net position and fund balances to be misstated and required multiple adjustments to correct.

**St. Tammany Council on the Aging, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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- The accounting records consisted of transactions on both the accrual basis of accounting and the modified accrual basis of accounting rather than one method. The accounting records required significant adjustments to reconcile between the fund financial statements and government-wide financial statements.
- Spreadsheets used for external reporting required multiple adjustments and resulted in changes to allocations between programs.

***Cause***

This condition was caused by a general lack of formalized policies and procedures in place to cover all matters required in reviewing the close of the Council's year-end, preparing closing journal entries, and sufficient management review of the accounting records for accuracy.

***Effect***

As a result of this condition, the Council's accounting records were initially misstated by amounts that were material to the financial statements. In addition, the Council was exposed to an increased risk that misstatements may occur and not be detected and corrected by management in a timely manner leading to a potential material misstatement of the financial statements.

***Recommendation***

We recommend management to review all audit adjustments. After reviewing and accepting the proposed adjustments, post the adjustments to the accounting records.

We recommend management to maintain the accounting software on either the accrual basis of accounting (government-wide financial statements) or modified accrual basis (fund financial statements) in order to prepare an accurate reconciliation between the statements.

We recommend management to maintain a controlled process for making changes to a spreadsheet, including: someone other than the user or developer to test the spreadsheet to determine allocations between programs are accurate; someone other than the user or developer to review the balances reported within the schedules in the spreadsheet for accuracy; and document the review occurred by signing off on the spreadsheets.

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

See Management's Response and Corrective Action Plan in the attached letter.

**2019 – 3 Compliance: Timely Submission of Report**

***Criteria***

Louisiana Revised Statute 24:513 requires the Council's audited financial statements to be submitted to the Louisiana Legislative Auditor no later than six months after the auditee's fiscal year-end.

***Condition***

The June 30, 2019 audited financial statements were submitted to the Louisiana Legislative Auditor after the June 30, 2019 due date.

**St. Tammany Council on the Aging, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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*Cause*

The accounting records were not closed in a timely manner after year-end.

*Effect*

The Council was not in compliance with Louisiana R.S. 24:513.

*Recommendation*

Obtain all necessary information needed to close the accounting records within 90 days after year-end and implement policies and procedures to streamline the accounting close process, including the posting of closing adjustments and preparation of financial reports.

*Management's Response and Corrective Action Plan*

See Management's Response and Corrective Action Plan in the attached letter.

**B. Findings and Questioned Costs for Federal Awards Under the Uniform Guidance**

None noted.

**St. Tammany Council on the Aging, Inc.**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

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**A. Findings Relating to the Financial Statements Reported in Accordance with**  
*Government Auditing Standards*

None noted

**B. Findings and Questioned Costs for Federal Awards Under the Uniform Guidance**

None noted

January 31, 2020

Pinell & Martinez, LLC  
308 S. Tyler Street, Suite 2  
Covington, Louisiana 70433

St. Tammany Council on the Aging, Inc. Responses to annual independent audit report for fiscal year ended June 30<sup>th</sup>, 2019.

Finding 1 – Material Weakness in Internal Controls: Capital Assets

- The deficiencies were corrected and appropriate procedures will be documented and implemented to ensure that they do not occur again.

Finding 2 – Material Weakness in Internal Controls: Financial Reporting

- The deficiencies were corrected and appropriate procedures will be documented and implemented to ensure that they do not occur again.
  - In the future additional members of the management team will approve and sign off on year-end journal entries in addition to audit adjustments.
- The accounting records in QuickBooks are maintained using a modified accrual basis of accounting to facilitate monthly reporting requirements for some of our major funding sources as well our board of directors. We will add additional steps and documentation to our year-end closing procedures to ensure that the reconciliation between fund financial statements and government-wide financial statements is more readily identifiable.
- The general ledger from which all internal and external reporting data is sourced and tied back to is reviewed in entirety by the Executive Director who signs off on the monthly journal entry checklist in addition to all external reports. This is in addition to the Director of Finance that maintains the general ledger and reporting worksheets. This was documented for the audit period, however, this procedure was not documented in our procedure manual. We will add this procedure to our accounting policy manual.
- The Council will review the recommendations made by the auditor as well as best practices to determine what efficient and equitable changes should be made to the monthly accounting processes and corresponding documentation.

Finding 3 – Compliance: Timely Submission of Report

- The Council is required to close accounting records and submit year end reports to multiple funding sources within 31 days of year-end.
- We will conduct a complete review of our year end closing procedures and adapt those procedures to include a robust and redundant documented review policy prior to our 31 day year-end deadline.

  
John Stovall, *Director of Finance*

  
Julie Agan, *Executive Director*