

Financial Report

**Livingston Council on Aging
Denham Springs, Louisiana**

June 30, 2004

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

Release Date 3-30-05

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Livingston Council on Aging Denham Springs, Louisiana

June 30, 2004

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Livingston Council on Aging An Area Agency on Aging June 30, 2004

The following discussion and analysis of the Livingston Council on Aging's (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements, which follow this section. This discussion and analysis does not include comparative data for prior years for government-wide activities, as this information is not available for the first year of implementation of Governmental Accounting Standards Board (GASB) Statement Number 34. Future years will include a comparative analysis of government-wide data.

FINANCIAL HIGHLIGHTS

The Council's assets exceeded its liabilities at the close of fiscal year 2004 by \$278,084 (net assets), which represents about a 5.5% decrease from the last fiscal year.

The Council's revenues, on a modified accrual basis, increased by \$40,816, or 6.1%.

The Council's expenditures, on a modified accrual basis, increased by \$41,991, or 6.2%.

The Council did not have any funds with deficit fund balances. However, the unreserved, undesignated fund balance of the General Fund decreased by \$23,002 or 31%.

Capital assets decreased by \$12,362. Furniture and equipment and a storage building were added to total assets and two vehicles were sold. Depreciation expense is the major reason for the change in capital assets.

The Council's major liabilities were current liabilities due to vendors and deferred EFSP grant revenue.

The Council did not have any long - term liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's annual financial report consists of five parts:

- (1) Management's discussion and analysis (this section)
- (2) The basic financial statements
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA, and
- (5) Various additional reports and schedules required for governmental audits.

The basic financial statements include two kinds of statements that present different views of the council:

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 Statement of Net Assets (see page 12) presents information on all of the Council's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. The Statement of Activities (see page 13) presents information showing how the Council's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Council is health, welfare, and social services, which is comprised of six primary programs that include supportive services, nutritional services, disease prevention and health promotion, family caregiver support, senior citizen activities, and transportation services for the non-elderly. Subprogram activities are also presented to help analyze the Council's operations in more detail.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Council are governmental funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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 balances of spendable resources available 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. 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. (See pages 15 and 16).

The Council has presented the General Fund, Title IIIB Fund, Title III C-1 Fund, Title III C-2 Fund, Section 5311 Fund, NSIP Fund, and EFSP Fund as major funds. All non-major governmental funds are presented in one column, titled Non-Major Funds. Combining financial statements of the non-major funds can be found in the Combining Non-major Fund Statements that follow the basic financial statements. (See page 67).

Notes to the Financial Statements

The notes provide additional information that should be read to ensure a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 18.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted budget (see pages 56 to 62). In addition to these required elements, the Council has a section of supplementary information. The Governor's Office of Elderly Affairs (GOEA) has required the Council to present a combining statement that provides details about our non-major governmental funds and details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council (see pages 67 and 68).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Council's financial position. As of June 30, 2004, assets exceeded liabilities by \$278,084, as shown below.

Condensed Statements of Net Assets

	2004	2003	Net Change
Current Assets	174,025		
Capital Assets	31,649	N	N
Other Assets	111,234	O	O
Total Assets	316,908	T	T
Current Liabilities	38,824	A	A
Other Liabilities	0	V	V
Total Liabilities	38,824	A	A
		I	I
Net Assets:		L	L
Invested in Capital Assets	31,649	A	A
Restricted	69,520	B	B
Unrestricted	176,915	L	L
Total Net Assets	278,084	E	E

About 63.6% of the Council's net assets are unrestricted as of June 30, 2004. It is important that the Council have unrestricted net assets so that we will have resources available to adapt to changes in the economy, emergencies, unexpected needs and reduction in or termination of grant revenues by governmental agencies.

Restricted net assets are about 25% of total net assets. Net assets are reported as restricted when the constraints placed upon the assets use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Net assets invested in capital assets are presented net of any related outstanding debt to acquire them. There is, however, no debt to be subtracted from the capital assets. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps insure that a

MANAGEMENT'S DISCUSSIONS AND ANALYSIS
(Continued)

decrease in the Council's future revenues will not impact its ability to provide a certain level of service to clients and program participants. Net assets invested in capital assets equal about 11.4% of total net assets. These funds are not available for future spending.

Governmental Activities

Governmental Activities decreased the Council net assets by \$16,118. Key Elements of this decrease are as follows:

Condensed Changes in Net Assets for 2004 - (data for 2003 is not available)

	2004	% of Total
Revenues:		
Program Revenues:		
Charges for Services	52,452	7.4%
Operating Grants & Contributions	569,557	80.8%
Capital Grants & Contributions	1,200	.2%
General Revenues:		
Grants & Contributions Not		
Restricted to Specific Programs	79,094	11.2%
Unrestricted Investment Earnings	435	.1%
Miscellaneous	1,966	.3%
Total Revenue	704,704	100 %
Expenses:		
Health, Welfare and Social Services - direct expenses:		
Supportive Services	246,794	34.3%
Transportation - nonelderly	31,250	4.3%
Nutrition Services	274,665	38.1%
Disease Prevention & Health Promotion	3,876	.5%
Family Caregiver Support	23,645	3.3%
Senior Citizen Activities	627	.1%
Administration	139,965	19.4%
Total Expenses	720,822	100 %
Decrease in Net Assets	(16,118)	
Net Assets Beginning of Year	294,202	
Net Assets End of Year	278,084	

MANAGEMENT'S DISCUSSIONS AND ANALYSIS
(Continued)

Details of the Council's health, welfare and social programs can be found in the Statement of Activities on page 13. The Council's largest activities are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of the Parish. These are the services with the highest demand. Therefore, resources are channeled to meeting these demands.

One indication of how money is used efficiently is to compare administrative expenses to total expenses. For FY 2004, administrative expenses were about 19.4% of total expenses.

Financial Analysis of the Government Funds

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$219,242, a decrease of \$13,495 in comparison with the prior year. The unreserved/ undesignated General Fund balance of \$50,687 is available for spending at the Council's discretion. The remainder of the General Fund balance of \$99,128 is reserved to indicate that it is not available for new spending because it has already been committed. The Special Revenue Funds have a combined unreserved/ undesignated balance of \$69,427.

The fund balance of the Council's General Fund decreased by \$30,911 during the current fiscal year. The key reason for this reduction was net transfers to/ from other funds of \$57,897.

Most of the major funds have no beginning or ending fund balances. The revenues for these funds are cost-reimbursed grants that require any revenues in excess of expenditures be returned to the grantor. If expenditures exceed the amount of the grant, funds are transferred in from other funds to bring the fund balances in the major funds to zero.

The NSIP Fund is the only major fund that had an increase (\$18,830) in its fund balance. Grant funds in this program are awarded based on eligible meals served in the prior fiscal year and can only be used as transfers to the Title III C-1 and the Title III C-2 nutrition programs to help pay for

MANAGEMENT'S DISCUSSIONS AND ANALYSIS

(Continued)

raw food costs. Funds that are available after the needed transfers are made are carried over in the NSIP Fund to use in future years as needed.

General Fund Budgetary Highlights

The Council's entire budget was amended once during the year. The primary reasons for amending the budget were to prevent compliance violations under the Council's grants from GOEA due to unanticipated changes in revenue and expenditures.

The budgetary comparison schedule for the General Fund is on page 56. When you review this schedule, you will note that both the original and final budgets anticipated a net decrease in the General Fund balance for the fiscal year. The actual decrease of \$30,911 was \$16,764 less than projected in the amended budget and \$18,223 less than projected in the original budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Council's investment in capital assets for its governmental activities as June 30, 2004 amounts to \$31,649. This investment in capital assets includes vehicles, furniture & equipment, computer equipment, nutrition equipment, storage buildings, leasehold improvements and health maintenance equipment (see table below).

Capital Assets	2004	2003
Vehicles	16,466	29,755
Furniture & Equipment	3,868	4,085
Computer Equipment	439	989
Nutrition Equipment	822	1,096
Storage Building	2,750	0
Leasehold Improvements	6,506	7,159
Health Maintenance Equip.	798	1,197
Total Assets, Net of Dep.	31,649	44,281

The major changes in Capital Assets are decreases due to depreciation expense of \$16,727, and increases due to the acquisition of storage building for \$2,895 and an addition of a donated furniture and equipment item valued at \$1,200. The net decrease in net assets is \$12,632.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS
(Continued)

Long-term Debt

The Council did not have any long-term debt during the current fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Council received most of its funding from federal and state agencies during fiscal year 2004. The source of income for the Council has been rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. There have been no significant changes to the funding levels or terms of the grants and contracts. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2004-2005.

The Council will receive Property Tax revenue for the first time in the fiscal year ended June 30, 2005. The Council has budgeted General Fund receipts of \$406,603, based on the estimated amount of the November 2004 assessment. The Council expects to receive the majority of these funds in January and February 2005.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jo Mayo, Executive Director at the Council's main office located at 949 Government Drive, Denham Springs, LA 70726. The phone number for the Livingston Council on Aging is (225) 664-9343. Mrs. Mayo's email address is jo@livcoa.brcoxmail.com.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Livingston Council on Aging
Denham Springs, Louisiana

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

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

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated August 26, 2004, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Management's Discussion and Analysis on pages 1 through 8 and budgetary comparison schedules on pages 56 through 62 are supplementary information required by accounting principles generally accepted in the United States of America. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs. None of the required supplementary financial information is required to be a part of the Council's basic financial statements. However, all of this supplementary information has been subjected to the auditing procedures I applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baton Rouge, Louisiana,
August 26, 2004.

A handwritten signature in black ink that reads "Neil Ferrari, CPA". The signature is written in a cursive, flowing style.

Neil G. Ferrari, CPA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A**STATEMENT OF NET ASSETS****Livingston Council on Aging****Denham Springs, Louisiana****June 30 , 2004**

	Governmental Activities
	<hr/>
ASSETS	
Current Assets:	
Cash	\$ 129,368
Receivables:	
Office of Family Support	5,640
Livingston Parish Council	15,838
Louisiana DOTD	100
Overpaid state withholding tax	576
Prepaid expenses	14,994
Investments	7,509
Total current assets	<hr/> 174,025
Capital assets, net of accumulated depreciation	31,649
Other Assets:	
Prepaid lease & vehicle usage	111,234
Total Assets	<hr/> <hr/> 316,908
LIABILITIES	
Current Liabilities:	
Accounts payable to various vendors	17,420
Payroll taxes	542
Advances from funding agency - GOEA	1,870
Deferred revenue - EFSP grant	18,892
Deposit escrow	100
Total current liabilities	<hr/> 38,824
NET ASSETS	
Invested in Capital Assets	31,649
Restricted for:	
Nutrition Services - Meals	63,019
Utility Assistance	6,408
Family Caregiver	93
Unrestricted	176,915
Total Net Assets	<hr/> <hr/> \$ 278,084

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

EXHIBIT B

STATEMENT OF ACTIVITIES

Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2004

Functions/Programs	Program Revenues					Net (Expense) Revenue and Increase (Decrease) in Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the elderly	\$ 173,449	\$ 60,276	\$ 0	\$ 154,214	\$ 0	\$ (79,511)
Homemaker	6,384	2,381	0	2,276	0	(6,489)
Legal	4,379	0	0	4,000	0	(379)
Information and Assistance	16,702	6,228	0	5,405	0	(17,525)
Outreach	881	329	0	424	0	(786)
Recreation	7,085	2,307	0	1,861	1,200	(6,331)
Material Aid	1,928	719	0	1,171	0	(1,476)
Home Repairs	2,556	954	0	576	0	(2,934)
Wellness	4,628	1,578	0	1,089	0	(5,117)
Utility Assistance	28,802	521	0	26,657	0	(2,666)
Transportation Services - non elderly:						
Find Work	24,068	7,954	49,123	0	0	17,101
General Public	7,182	2,381	3,329	5,330	0	(904)
Nutrition Services:						
Congregate Meals	120,150	16,161	0	147,991	0	11,680
Home Delivered Meals	136,013	7,753	0	143,181	0	(585)
Food bank & boxes	18,502	0	0	18,502	0	0
Disease Prevention and Health Promotion	3,876	1,463	0	4,196	0	(1,143)
Family Caregiver Support	23,645	1,155	0	24,879	0	79
Senior Citizen Activities	627	0	0	0	0	(627)
Administration	139,965	(112,160)	0	27,805	0	0
Total governmental activities	\$ 720,822	\$ 0	\$ 52,452	\$ 569,557	\$ 1,200	\$ (97,613)
General Revenues:						
Grants and contributions not restricted to specific programs					79,094	
Investment Income					435	
Miscellaneous					1,966	
Total general revenues					81,495	
Increase (Decrease) in net assets						(16,118)
Net assets - beginning of the year						294,202
Net assets - end of the year						\$ 278,084

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

FUND FINANCIAL STATEMENTS

EXHIBIT C

**FUND BALANCE SHEET
GOVERNMENTAL FUNDS**

Livingston Council on Aging
Denham Springs, Louisiana
June 30, 2004

	General Fund	Title III B	Title III C-1	Title III C-2	Section 5311	NSIP	EFSP	Non- Major Funds	Total Governmental Funds
ASSETS									
Cash	\$ 21,659	\$ 543	\$ 6,864	\$ 5,493	\$ 0	\$ 63,019	\$ 22,005	\$ 9,785	\$ 129,368
Receivables:									
Office of Family Support	5,640	0	0	0	0	0	0	0	5,640
Livingston Parish Council	0	0	0	0	15,838	0	0	0	15,838
Louisiana DOTD	100	0	0	0	0	0	0	0	100
Overpaid state withholding tax	576	0	0	0	0	0	0	0	576
Prepaid expenditures	99,035	0	0	0	0	0	0	0	99,035
Investments	7,509	0	0	0	0	0	0	0	7,509
Due from other governmental funds	15,838	0	0	0	0	0	0	0	15,838
Total Assets	<u>\$ 150,357</u>	<u>\$ 543</u>	<u>\$ 6,864</u>	<u>\$ 5,493</u>	<u>\$ 15,838</u>	<u>\$ 63,019</u>	<u>\$ 22,005</u>	<u>\$ 9,785</u>	<u>\$ 273,904</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable to various vendors	0	543	6,864	5,493	0	0	3,113	1,407	17,420
Payroll taxes	542	0	0	0	0	0	0	0	542
Advances from funding agency - GOEA	0	0	0	0	0	0	0	1,870	1,870
Deferred revenue - EFSP grant	0	0	0	0	0	0	18,892	0	18,892
Deposit escrow	0	0	0	0	0	0	0	100	100
Due to other governmental funds	0	0	0	0	15,838	0	0	0	15,838
Total Liabilities	<u>542</u>	<u>543</u>	<u>6,864</u>	<u>5,493</u>	<u>15,838</u>	<u>0</u>	<u>22,005</u>	<u>3,377</u>	<u>54,662</u>
Fund Balances									
Reserved, reported in:									
General Fund:									
Prepaid expenditures	99,035	0	0	0	0	0	0	0	99,035
Family caregiver	93	0	0	0	0	0	0	0	93
Unreserved/Undesignated, reported in:									
General Fund	50,687	0	0	0	0	0	0	0	50,687
Special Revenue Funds	0	0	0	0	0	63,019	0	6,408	69,427
Total Fund Balances	<u>149,815</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>63,019</u>	<u>0</u>	<u>6,408</u>	<u>219,242</u>
Total Liabilities and Fund Balances	<u>\$ 150,357</u>	<u>\$ 543</u>	<u>\$ 6,864</u>	<u>\$ 5,493</u>	<u>\$ 15,838</u>	<u>\$ 63,019</u>	<u>\$ 22,005</u>	<u>\$ 9,785</u>	
Amounts reported for governmental activities in the statement of net assets are different because:									
- Prepaid expenses relating to vehicle usage are not financial resources and therefore are not reported as assets in the governmental funds									27,193
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds									31,649
Net Assets of Governmental Activities									<u>\$ 278,084</u>

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

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

Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2004

	General Fund	Title III B	Title III C-1	Title III C-2	Section 5311	NSIP	EFSP	Nonmajor Funds	Total Governmental Funds
REVENUES									
Intergovernmental:									
Governor's Office of Elderly Affairs	\$ 22,273	\$ 79,249	\$ 108,018	\$ 67,513	\$ 0	\$ 44,112	\$ 0	\$ 102,941	\$ 424,106
Livingston Parish Council	0	0	0	0	93,707	0	0	0	93,707
United Way of America	0	0	0	0	0	0	61,150	0	61,150
Public Support (Restricted):									
Client contributions	0	3,353	22,441	5,679	0	0	0	0	31,473
Various utility companies	0	0	0	0	0	0	0	25,987	25,987
Other donors	2,093	0	50	674	0	0	0	1,407	4,224
Public Support (Unrestricted):									
United Way	0	0	0	0	0	0	0	0	0
Young at Heart Club	5,200	0	0	0	0	0	0	0	5,200
Other general public donations	2,060	0	0	0	0	0	0	0	2,060
Program Service Fees (charges for services):									
Transportation:									
Office of Family Support	49,123	0	0	0	0	0	0	0	49,123
Public Fares	3,329	0	0	0	0	0	0	0	3,329
Investment Income	435	0	0	0	0	0	37	0	472
Miscellaneous:									
Miscellaneous	2,168	0	0	0	0	0	0	0	2,168
Total revenues	86,681	82,602	130,509	73,866	93,707	44,112	61,187	130,335	702,999
EXPENDITURES									
Health, Welfare, & Social Services:									
Current:									
Personnel	19,456	163,319	45,988	17,414	0	0	0	21,350	267,527
Fringe	1,846	15,717	4,373	1,650	0	0	0	2,386	25,972
Travel	0	0	0	0	0	0	0	0	0
Operating Services	11,424	66,607	4,952	6,631	0	0	0	6,311	95,925
Operating Supplies	3,623	17,353	1,373	1,680	0	0	0	1,120	25,149
Other Costs	1,856	10,802	2,862	1,419	0	0	0	6,158	23,097
Full Service	0	6,844	0	0	0	0	0	20,587	27,431
Meals	0	0	75,800	66,781	0	0	59,921	0	202,502
Utility Assistance	0	0	0	0	0	0	0	27,401	27,401
Capital Outlay	2,895	0	0	0	0	0	0	0	2,895
Intergovernmental	19,100	0	0	0	0	0	0	0	19,100
Total expenditures	60,200	280,642	135,348	95,575	0	0	59,921	85,313	716,999
Excess of revenues over (under) expenditures	26,481	(198,040)	(4,839)	(21,709)	93,707	44,112	1,266	45,022	(14,000)
OTHER FINANCING SOURCES (USES)									
Operating transfers in	5,330	198,040	4,839	21,709	0	0	0	1,125	231,043
Operating transfers out	(63,227)	0	0	0	(93,707)	(25,282)	(1,266)	(47,561)	(231,043)
Proceeds from sales of vehicles	505	0	0	0	0	0	0	0	505
Net increase (decrease) in fund balances	(30,911)	0	0	0	0	18,830	0	(1,414)	(13,495)
FUND BALANCE (DEFICIT)									
Beginning of year	180,726	0	0	0	0	44,189	0	7,822	232,737
End of year	\$ 149,815	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,019	\$ 0	\$ 6,408	\$ 219,242

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

EXHIBIT E

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

**Livingston Council on Aging
Denham Springs, Louisiana**

For the year ended June 30, 2004

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$	(13,495)
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Governmental funds report the amounts the Council expends as local "matching" funds on capital assistance grants, which result in another government obtaining title to the capital assets acquired under the grants, as intergovernmental expenditures. However, because the Council gets to use the capital assets in lieu of having paid the required local match, the Council records the amounts it paid in the Statement of Net Assets as a prepaid expense, which will be amortized over the estimated useful lives of the capital assets. This reconciling amount represents the amount by which the intergovernmental expenditures (\$19,100) exceeded the amortization expense (\$9,091) this year.

10,009

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling amount is the amount by which depreciation (\$16,727) exceeds capital outlays (\$2,895) in the current period.

(13,832)

Governmental funds do not report the donations of capital assets, whereas donated capital assets are reported in the Statement of Net Assets at their fair values at the time of acquisition. This reconciling item represents the fair value of a donated capital asset the Council received during the fiscal year.

1,200

Increase (Decrease) of Net Assets of Governmental Activities	\$	<u>(16,118)</u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Livingston Council on Aging
Denham Springs, Louisiana
June 30, 2004

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

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

a. Purpose of the Council on Aging:

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

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

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

Specific services provided by the Council to the elderly residents of Livingston 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, utility assistance, homemakers, recreation, legal assistance, wellness, and transportation. The Council also provides various types of transportation services to the general public of Livingston Parish, with special emphasis being placed upon transporting the elderly and those persons requiring job training.

b. Reporting Entity

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

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

The Livingston Council on Aging (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on June 26, 1973 and subsequently incorporated on October 22, 1973 under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

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

b. Reporting Entity: - (continued)

A board of directors, consisting of 18 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

- 3 members are selected from the general public to represent all sections of the parish and are drawn from, but not limited to, civic organizations, governmental agencies, businesses, and religious groups.
- 15 representatives, who must reside in the districts that they represent, are selected from each of the 9 Livingston Parish Council districts, to represent the elderly population in their respective districts.

Although the Council on Aging (COA) works with the Livingston Parish Council (LPC) in carrying out some social programs throughout Livingston Parish, the LPC does not appoint a voting majority of the COA's board and the LPC does not intend to impose its will to affect the operations of the COA. Further, the LPC only provided about 13% of the COA's total revenues plus free use of nine vehicles owned by the LPC. The LPC does not assume any specific financial burdens of the COA. As a result, the Council on Aging is not a component unit of the Livingston Parish Council.

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

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

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

c. New Accounting Standards Adopted

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

For the first time the financial statements include:

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

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

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

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

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

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

Government-Wide Financial Statements:

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

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

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

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

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

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

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses." 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 that are provided by a specific function or program to people or other entities. Contributions, grants, interest income, and miscellaneous revenues that are not properly included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues.

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

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

Fund Financial Statements:

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

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

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

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

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

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

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

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

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 programs that comprise the Council's General Fund:

Local

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

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

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

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs(GOEA). The Council may use these "Act 735" funds at its discretion in any program provided the program is benefiting people who are at least 60 years old. In fiscal year 2004, the Council transferred all of its PCOA funds to the Title III B Fund to provide additional funds to pay for its program expenditures.

Transportation

The Council provides various transportation services to the residents of Livingston Parish who are not 60 years old for a fee. These program service fees and their related costs are accounted for within the "Transportation" program of the General Fund. In contrast, transportation services provided to residents who are at least 60 years old are accounted for in the Elderly Transportation program of the Title III B Fund.

During the fiscal year, services provided under this program consisted of the following:

- The Council participates in a contract with the Office of Family Support (OFS). This program provides transportation services to people who need a ride to and from a training facility. During the fiscal year, the Council provided "Find Work" transportation to 74 different people who participated in this program.
- The Council will also occasionally transport people under age 60 who pay cash fare for the service. The fare ranges from \$4.00 to \$7.50 per one-way trip and is based on whether the trip is in the parish or out of the parish. These revenues and the related expenditures are accounted for in this program, which is referred to as "General Public Transportation."

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

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

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

Major Governmental Funds:

Title III B Fund

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

	<u>Units</u>
Information and Assistance	365
Outreach	289
Homemaker	668
Recreation	24,866
Transportation for people age 60 or older	22,209
Assisted Transportation	1,365
Legal	130
Home Repair	25
Material Aid	1,883
Utility Assistance	279
Medication Management	120

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

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

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Livingston Parish. The Council maintains meal sites in Denham Springs, Maurepas, Springfield, and French Settlement. During the year, the Council served 31,925 meals to people eligible to participate in this program. In addition to the meals served, the Council also provided 62 units of nutritional education to eligible participants under this program.

Title III C-2 Fund

Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. Using Title III C-2 funds, the Council served 22,724 meals (not including 23,026 meals paid for with EFSP funds) during the year to people eligible to participate in this program. The Council also provided 7 units of nutrition education under this program.

Section 5311 Fund

The Section 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation for Nonurbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the Livingston Parish Council (LPC). Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within Livingston Parish. As part of calculating the operating costs of this program, the Council may apportion some of the in-kind contributions it receives as allowable transportation expenses. This provision results in the Council receiving cash reimbursement for costs that did not require the Council to spend cash. Section 5311 funds are used as operating transfers to help pay for costs incurred in providing transportation services under the Council's Title III B (elderly) and Local Transportation (non-elderly) programs.

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

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

NSIP Fund

The NSIP Fund is used to account for the administration of Nutrition Services Incentive Program funds provided by the Administration on Aging, U.S. Department of Health and Human Services, to GOEA, which in turn "passes through" the funds to the Council. GOEA distributes NSIP funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. Using this formula, the Council receives from GOEA approximately 58.5 cents per congregate and home-delivered meal it serves. The primary purpose of the NSIP reimbursement is to provide money to buy food that will be used in the preparation of congregate and home-delivered meals under nutrition service programs. The food that is purchased for these purposes must be of United States origin or be commodities from the United States Department of Agriculture.

EFSP Fund

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

During the fiscal year, EFSP funds were used to provide 23,026 additional home-delivered meals. Funds were also used to purchase food that was used to make 650 boxes of food of which 504 were distributed to needy families. The local food bank and a Methodist church received the remaining 146 boxes.

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

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

Nonmajor Governmental Funds:

Title III C Area Agency Administration Fund

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

Title III D Fund

The Title III D Fund is used to account for funds used for wellness, which includes disease prevention and health promotion activities. During the year, 6,605 units of wellness type services were provided to eligible participants in this program.

Title III E Fund

The Title III E Fund is used to account for funds relating to the National Family Caregiver Support program. The National Family Caregiver Support program is designed to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. This program targets older, low-income individuals. Specific types of services that can be provided by this program include: Adult Day Care, Adult Health Care, Material Aid, Case Management, Personal Care, Counseling, Support Groups, Respite Care, Sitter Service, Information, and Assistance. Eligible participants include (1) adult family members, or another adult person, who provides uncompensated in-home and community care to an older person who needs supportive services or (2) grandparents, or a person 60 year of age or older, who is related to a child by blood or

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

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

Title III E Fund - (Continued)

marriage and (1) lives with the child, (2) is the primary caregiver, and (3) has a legal relationship to the child or is raising the child informally. During the year, the Council provided 35 units of information and assistance, 1,466 units of in-home respite, 33 units of material aid, and 30 units of public education under this program.

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior center for Livingston Parish is located in Denham Springs. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, during the year, management transferred all of the Senior Center Funds to the Title III B Fund to subsidize that fund's cost of providing supportive services to elderly persons who use the senior center.

Supplemental Senior Center Fund

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

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

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

Audit Fund

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. The cost of last year's audit was \$10,616 whereas the supplement was \$2,085. Only the portion of the audit fee paid for by the supplement is presented in this fund. The additional cost of the audit, \$8,531 has been allocated to other funds using the Council's indirect cost allocation formula.

Utility Assistance Fund

This fund is used to account for the administration of utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging 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 two times per eligible person per year. Emergencies or unusual circumstances may permit additional assistance. During the year, the Council was able to provide 279 units of service to 231 different people with these funds.

e. Measurement Focus and Basis of Accounting

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

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

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

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

e. Measurement Focus and Basis of Accounting - (Continued)

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

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 60 days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation is a cost that is not recognized in the governmental funds.

f. Interfund Activity

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

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

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

g. Cash and Cash Equivalents

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

h. Receivables

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

i. Investments

GASB Statement 31 requires the Council to report its investments at fair value in the balance sheet, except for investments in non-participating interest-earning contracts, such as, non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that 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 did not have any investments of this type at year-end.

Investments, which include securities traded on a national or international exchange, are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value.

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

j. Prepaid Expenses/Expenditures

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

In the fund financial statements, the Council has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure the Council's management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure. The Council does not follow its general policy of recording prepaid expenditures in the fund financial statements in cases where intergovernmental expenditures for vehicle matching payments are subsequently capitalized and amortized in the government-wide statements as prepaid expenses to better present the economics of this type of transaction and not distort the results of the Council's transportation activities in the Statement of Activities.

k. 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.

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

k. Capital Assets - (continued)

Government-Wide Financial Statements

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

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

Office & Other Equipment - other than computers	6 to 10 years
Furniture	10 years
Vehicles	5 years
Computer equipment	5 years
Leasehold improvements & storage building	20 years

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

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

k. Capital Assets - (continued)

Fund Financial Statements

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

l. Non-Current (Long-term) Liabilities

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

m. Unpaid Compensated Absences

The Council's annual and sick leave policy requires employees to consume any annual or sick leave they might earn within the Council's fiscal year. In other words, an employee must "use or lose" any earned leave on or before June 30th of every year. As a result, the Council has not accrued a liability for any unused leave in the financial statements.

The Council's management has this policy to minimize the Council's exposure to a liability for which the Council may not have the funds to pay.

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

n. Advances From Funding Agency

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

o. Deferred Revenue

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

p. Net Assets in the Government-wide Financial Statements

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

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

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

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

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

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

q. Fund Equity - Fund Financial Statements

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

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

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

r. Management's Use of Estimates

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

s. Allocation of Indirect Expenses

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

t. Elimination and Reclassifications

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

Note 2 - Revenue Recognition

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

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

Note 3 - Cash Management and Bank Deposits

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

The Council maintains a consolidated bank account to deposit most of the funds it receives and to pay its bills. The consolidated bank account is available for use by all funds; however, EFSP funds are managed through a separate bank account. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. In addition to the consolidated and EFSP bank accounts (both are at Hancock Bank), the Council has a non-interest bearing cash balance with a brokerage firm (Merrill Lynch) for the purpose of purchasing marketable securities.

Note 3 - Cash Management and Bank Deposits- (continued)

At year-end, the carrying amount of the Council's cash balances on the books, which includes \$340 of petty cash, was \$129,368, whereas the related bank and brokerage firm cash balances totaled \$134,139. The difference in the book, bank, and brokerage firm balances for cash relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end. At year-end, \$100,000 of the bank balances were covered by federal depository insurance and the \$18,891 of cash on deposit at Merrill Lynch were covered by the Securities Investors Protection Corporation (SIPC) thereby eliminating their credit risks. However, \$15,248 of bank deposits were not properly collateralized by pledged securities and were not insured by federal depository insurance. Accordingly, these cash balances were exposed to credit risks (Category 3).

The uninsured and uncollateralized deposits were a result of an oversight by the Council's bank. Management brought the matter to the bank's attention soon after year-end and the bank corrected its records to reflect the Council's deposits were "public funds." Accordingly, the necessary collateral was pledged to cover the exposed balances.

Note 4 - Investments

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

<u>Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Federal National Mortgage (FNMA)	\$ 1,449	\$ 1,169	6.24%	2009
Govt. National Mortgage (GNMA)	<u>2,378</u>	<u>6,340</u>	7.15%	2024
Total investments	<u>\$ 3,827</u>	<u>\$ 7,509</u>		

Note 4 - Investments - (Continued)

All of the above investments are held by Merrill Lynch in the Council's name, making them a "Category 1" type credit risk. In addition, these investments have all been reported in the financial statements at their fair market values.

The cumulative net unrealized gain on the Council's investments as of year-end was \$3,682. However, for this fiscal year, the Council actually suffered a \$402 decline in the cumulative net unrealized gain on these investments. Changes in the fair value of the Council's investments from year-end to year-end are included as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund Types and in the government-wide Statement of Activities under the caption "investment income".

Note 5 - Prepaid Expenditures and Expenses

At year-end, prepaid expenditures in the Fund Balance Sheet consisted of the following:

• Rent of the Denham Springs senior center	\$97,718
• Insurance premiums	511
• Dues and subscriptions	<u>806</u>
Total prepaid expenditures	<u>\$99,035</u>

At year-end, prepaid expenses in the Statement of Net Assets consisted of the following:

	<u>Current Portion</u>	<u>Noncurrent Portion</u>
• Rent of the Denham Springs senior center	\$ 2,600	\$ 95,118
• Insurance premiums	511	0
• Dues and subscriptions	806	0
• Vehicle usage	<u>11,077</u>	<u>16,116</u>
Total prepaid expenses	<u>\$ 14,994</u>	<u>\$111,234</u>

Note 5 - Prepaid Expenditures and Expenses - (Continued)

The current portion of prepaid expenses represents the amounts that management expects the Council to consume and economically benefit from in the next fiscal year. The noncurrent portions represent the amounts that will be amortized in future years based on leases or agreements that the Council has in effect with the City of Denham Springs for the use of the Denham Springs senior center and the Livingston Parish Council for the use of vehicles owned by it.

The difference between prepaid expenditures and prepaid expenses arises from transactions wherein the Council on Aging (COA) puts up all the "matching funds" under capital assistance grants for the elderly and disabled persons the Livingston Parish Council (LPC) enters into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles that the COA will use to provide public transportation to the general public of Livingston Parish. The vehicles are titled in the name of the LPC but the COA uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the COA expends for the grant match are first recorded as a deposit in its Fund Balance Sheet and Statement of Net Assets when the funds are remitted to DOTD. Upon delivery of the vehicle to the COA, the deposit is reversed as an intergovernmental expenditure in the COA's fund financial statements. However, in the government-wide statements, the grant match is classified as a prepaid expense and amortized over the estimated useful life of the vehicle (60 months). The COA's management believes presenting the van match transactions in this manner in the government-wide financial statements will best present the economics of this type of transaction. No written lease exists between the LPC and the COA that sets forth the terms of the agreement to use the LPC's vehicles. However, this type of cooperative agreement to provide public transportation to the residents of Livingston Parish has been used for many years by the LPC and the COA.

Note 6 - Changes in Capital Assets and Accumulated Depreciation

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

Capital Assets Being Depreciated	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
Vehicles	\$ 139,176	\$ 0	\$ (55,732)	\$ 83,444
Furniture & equipment	27,336	1,200	0	28,536
Computer equipment	2,749	0	0	2,749
Nutrition equipment	2,739	0	0	2,739
Storage building	0	2,895	0	2,895
Leasehold improvements	13,068	0	0	13,068
Health maintenance equipment	1,995	0	0	1,995
Total capital assets	<u>187,063</u>	<u>4,095</u>	<u>(55,732)</u>	<u>135,426</u>
Less Accumulated Depreciation:	0	0	0	0
Vehicles	109,421	13,289	(55,732)	66,978
Furniture & equipment	23,251	1,417	0	24,668
Computer equipment	1,760	550	0	2,310
Nutrition equipment	1,643	274	0	1,917
Storage building	0	145	0	145
Leasehold improvements	5,909	653	0	6,562
Health maintenance equipment	798	399	0	1,197
Total Accumulated Depreciation	<u>142,782</u>	<u>16,727</u>	<u>(55,732)</u>	<u>103,777</u>
Capital Assets, Net of Depreciation	<u>\$ 44,281</u>	<u>\$ (12,632)</u>	<u>\$ 0</u>	<u>\$ 31,649</u>

Furniture and equipment includes one donated asset with a cost of \$1,200.

Note 6 - Changes in Capital Assets - (Continued)

Depreciation was charged to governmental activities as follows:

Administration	\$	1,376
Supportive Services:		
Transportation of the elderly		3,136
Recreation		899
Nutrition Services:		
Home delivered meals		6,677
Congregate meals		764
Disease Prevention & Health Promotion		399
Transportation Services:		
Find Work		2,828
General Public		648
Total depreciation expense for governmental activities		\$ 16,727

Note 7 - Fund Balances - Fund Financial Statements

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

The Council has \$6,408 of utility assistance contributions that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B Fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

Note 7 - Fund Balances – Fund Financial Statements – (Continued)

The Council also has \$63,019 of NSIP funds that remain unspent as of year-end. NSIP funds are earned based on the amount of congregate and home-delivered meals the Council serves to an eligible participant. The funds are only to be used to pay for the raw food cost component of food purchased to prepare the meals. However, the Council had ample funds available from other grants, so it only had to use a portion of its available NSIP funds this year to pay for the meals it served. GOEA requires the Council to account for NSIP funds in a special revenue fund and to maintain them in the fund until management needs the money to pay for congregate and home-delivered meals.

Note 8 - In-Kind Contributions

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

The Council received a donation of a big screen television set during the year, which was valued at \$1,200. This capital asset was used in the Council's Recreation Program of the Supportive Services function.

The Council also received in-kind contributions consisting of free rent and utilities relating to the use of facilities in Maurepas, Springfield, and French Settlement. The City of Denham Springs provided, at no charge, the (1) utilities, insurance, and garbage pickup for the Denham Springs administrative office and senior center facility and (2) the building that the Council uses as its administrative office. Management has valued these in-kind contributions using information furnished by the donors. A summary of the in-kind contributions and their estimated values is as follows:

Note 8 - In-Kind Contributions - (Continued)

Facility rentals	\$ 28,530
Utilities for facilities	19,946
Telephone	1,200
Garbage pickup	2,640
Insurance	3,500
Maintenance and repairs	1,250
Total	<u>\$ 57,066</u>

If these in-kind contributions had been recorded in the Statement of Activities their allocation would have been \$21,630 for Administration and \$35,436 for Nutrition Services - Congregate Meals.

The Council on Aging (COA) also receives in-kind support for its transportation programs. The COA has a fleet of 12 vehicles that it uses to provide public transportation in Livingston Parish. Of the 12 vehicles, the Livingston Parish Council (LPC) owns 9 and the COA owns 3. The nine vehicles owned by the LPC were all acquired under capital assistance grants for the elderly and disabled persons wherein the federal government paid for 80% of the vehicle's cost and the remainder had to be paid for with local "matching" funds. The COA put up all the money for the local match so that the LPC could acquire the vehicles. In return, the LPC permits the COA to use the vehicles as long as they are operational. Therefore, the COA is receiving an in-kind contribution from the LPC for the use of the nine vehicles owned by the LPC. Management has estimated the in-kind use of the LPC's vehicles to be \$36,365 for the fiscal year. The estimate was derived by first determining the amount the federal government paid for its share of the "match" for each of the nine vehicles. Then, the amount of federal match for each vehicle was amortized from the date at which the COA began using each vehicle using a 60-month estimated useful life. The amount for the period July 1, 2003 through June 30, 2004 was deemed to be the value of the LPC's in-kind contribution for vehicle usage. If the in-kind contribution for the vehicles had been recorded in the Statement of Activities, the allocation amongst the Council's transportation programs would have been \$34,750 for Elderly Transportation, \$907 for General Public Transportation, and \$708 for Find Work Transportation.

Note 9 - 401 K Profit Sharing Plan

On March 1, 2003, the Council adopted the "401(K) Profit Sharing Plan for Employees of Livingston Council on Aging." To participate in the plan an employee must be at least 21 years old and have one year of service. Under the provisions of the plan, a participating employee may defer up to \$12,000 of wages per year (\$14,000 for employees age 50 or older). The Council is not required to contribute any amount to the plan or match any employee deferrals. For the fiscal year, the Council did not make any discretionary contributions to the plan. However, the participating employees deferred an aggregate amount of \$4,430.

Note 10 - Board of Directors' Compensation

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

Note 11 - Income Tax Status

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

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

Note 12 - Judgments, Claims, and Similar Contingencies

A lawsuit was filed against the Council during fiscal year 2004 relating to an incident that occurred on November 12, 2003 involving a wreck with one of the Council's vans. The plaintiff was a passenger on the Council's van when a motorcycle ran into the Council's van when both vehicles were merging into the same lane. Management believes that any damages awarded in this case, if any, will be adequately covered by its insurance and that the Council's maximum exposure in this lawsuit will be \$500, which is the amount of the deductible under the insurance policy. The case is currently in the discovery phase and the attorney representing the Council through its insurance company is unable to predict the outcome of the case at this time.

Note 13 - Contingencies-Grant Programs

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

Note 14 - Economic Dependency

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

Note 15 - Risk Management

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

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

Note 16 - Lease and Rental Commitments

The Council has no capital leases but on February 1, 1992, it entered into an operating lease with the City of Denham Springs, Louisiana, to lease the building that the Council currently occupies at 949 Government Street, Denham Springs, Louisiana. Also included in this lease is the use of an addition (the Senior Center) that is adjacent to that building. Terms of the lease required the Council to prepay the rent in a lump sum of \$130,000 for the entire lease term of 600 months (February 1, 1992 to January 31, 2042). As a result, the Council is amortizing this prepaid lease at \$216.67 per month over the term of this lease (\$2,600 annually). The unamortized balance as of year-end was \$97,718.

Other significant terms of the lease require the Council to (1) maintain at least \$500,000 of liability insurance, (2) pay all the contents insurance of the buildings, and (3) be responsible for the costs of interior maintenance. The City of Denham Springs is responsible for all costs relating to utilities, building fire and flood insurance, and major repairs to the external structure, heating and cooling system, and plumbing.

Note 17 - Related Party Transactions

There were not any related party transactions during the year.

Note 18 - Interfund Receivables and Payables

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

	Receivable From	Payable To
General Fund:		
Major Funds:		
Section 5311 Fund	\$ 15,838	\$ 0
Totals for the General Fund	15,838	0
 Major Funds:		
Section 5311:		
General Fund	0	15,838
Totals for All Funds	\$ 15,838	\$ 15,838

Note 19 - Interfund Transfers

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

	<u>Operating Transfers</u>	
	<u>In From</u>	<u>Out To</u>
General Fund:		
Title III B Fund	\$ 0	\$ 62,102
Section 5311 Fund	5,330	0
Nonmajor Funds:		
Title III D Fund	<u>0</u>	<u>1,125</u>
Total General Fund	<u>5,330</u>	<u>63,227</u>
Title III B-Fund:		
General Fund	\$ 62,102	\$ 0
Section 5311 Fund	88,377	0
Nonmajor Funds:		
Supplemental Sr. Center Fund	3,825	0
Senior Center Fund	<u>43,736</u>	<u>0</u>
Total Title III B Fund	<u>198,040</u>	<u>0</u>
Title III C-1 Fund:		
NSIP Fund	\$ 4,839	\$ 0
Total Title III C-1 Fund	<u>4,839</u>	<u>0</u>
Title III C-2 Fund:		
NSIP Fund	\$ 20,443	\$ 0
EFSP Fund	<u>1,266</u>	<u>0</u>
Total Title III C-2 Fund	<u>21,709</u>	<u>0</u>
Section 5311 Fund:		
General Fund	\$ 0	\$ 5,330
Title III B Fund	<u>0</u>	<u>88,377</u>
Total Section 5311 Fund	<u>0</u>	<u>93,707</u>
NSIP Fund:		
Title III C-1 Fund	\$ 0	\$ 4,839
Title III C-2 Fund	<u>0</u>	<u>20,443</u>
Total NSIP Fund	<u>0</u>	<u>25,282</u>
EFSP Fund:		
Title III C-2 Fund	\$ 0	\$ 1,266
Total EFSP Fund	<u>0</u>	<u>1,266</u>
Nonmajor Funds:		
General Fund	\$ 1,125	\$ 0
Title III B Fund	<u>0</u>	<u>47,561</u>
Total for Nonmajor Funds	<u>1,125</u>	<u>47,561</u>
Grand Totals	<u>\$ 231,043</u>	<u>\$ 231,043</u>

Note 19 - Interfund Transfers - (Continued)

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

Note 20 - Change In Accounting Principle

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

Total fund balances of governmental funds at June 30, 2003	\$ 232,737
Add: Prepaid expense for using Parish owned vehicles	17,184
Add: Cost of capital assets at June 30, 2003	187,063
Less: Accumulated depreciation at June 30, 2003	<u>(142,782)</u>
Net assets at June 30, 2003	<u>\$ 294,202</u>

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB 34

Budgetary Comparison Schedule - General Fund

**Livingston Council on Aging
Denham Springs, Louisiana**

For the year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>GAAP Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 19,175	\$ 22,273	\$ 22,273	\$ 0
Public Support - restricted	0	0	2,093	2,093
Public Support - unrestricted	0	0	7,260	7,260
Program Service Fees	38,300	46,112	52,452	6,340
Investment Income	0	0	435	435
Miscellaneous	0	0	2,168	2,168
Total Revenues	57,475	68,385	86,681	18,296
EXPENDITURES				
Current:				
Personnel	19,275	24,734	19,456	5,278
Fringe	2,307	3,222	1,846	1,376
Travel	225	0	0	0
Operating Services	12,775	13,509	11,424	2,085
Operating Supplies	3,101	3,217	3,623	(406)
Other Costs	617	1,430	1,856	(426)
Full Service	0	0	0	0
Meals	0	0	0	0
Utility Assistance	0	0	0	0
Capital Outlays	0	0	2,895	(2,895)
Intergovernmental	19,100	19,100	19,100	0
Total Expenditures	57,400	65,212	60,200	5,012
Excess of revenues over expenditures	75	3,173	26,481	23,308
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	5,330	5,330
Transfers out	(49,209)	(50,848)	(63,227)	(12,379)
Proceeds from sales of vehicles	0	0	505	505
Total other financing sources and uses	(49,209)	(50,848)	(57,392)	(6,544)
Net increase (decrease) in fund balance	\$ (49,134)	\$ (47,675)	(30,911)	\$ 16,764
FUND BALANCE				
Beginning of year			180,726	
End of year			\$ 149,815	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>GAAP</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 79,249	\$ 79,249	\$ 79,249	\$ 0
Public Support	4,275	4,275	3,354	(921)
Total Revenues	<u>83,524</u>	<u>83,524</u>	<u>82,603</u>	<u>(921)</u>
EXPENDITURES				
Current:				
Personnel	162,850	160,696	163,319	(2,623)
Fringe	19,467	19,378	15,717	3,661
Travel	1,477	0	0	0
Operating Services	66,701	70,300	66,607	3,693
Operating Supplies	15,603	18,010	17,353	657
Other Costs	3,560	8,494	10,802	(2,308)
Full Service	5,950	6,500	6,844	(344)
Capital Outlay	0	0	0	0
Total Expenditures	<u>275,608</u>	<u>283,378</u>	<u>280,642</u>	<u>2,736</u>
Excess of expenditures over revenues	<u>(192,084)</u>	<u>(199,854)</u>	<u>(198,039)</u>	<u>1,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	192,084	199,854	198,039	(1,815)
Transfers out	0	0	0	0
Total other financing sources and uses	<u>192,084</u>	<u>199,854</u>	<u>198,039</u>	<u>(1,815)</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-1 Fund

**Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 108,018	\$ 108,018	\$ 108,018	\$ 0
Public Support	16,443	16,443	22,491	6,048
Total Revenues	<u>124,461</u>	<u>124,461</u>	<u>130,509</u>	<u>6,048</u>
EXPENDITURES				
Current:				
Personnel	51,501	45,270	45,988	(718)
Fringe	6,147	5,687	4,373	1,314
Travel	338	0	0	0
Operating Services	4,415	3,760	4,952	(1,192)
Operating Supplies	1,490	692	1,373	(681)
Other Costs	464	1,509	2,862	(1,353)
Full Service	0	0	0	0
Meals	71,500	75,100	75,800	(700)
Capital Outlay	0	0	0	0
Total Expenditures	<u>135,855</u>	<u>132,018</u>	<u>135,348</u>	<u>(3,330)</u>
Excess of expenditures over revenues	<u>(11,394)</u>	<u>(7,557)</u>	<u>(4,839)</u>	<u>2,718</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,394	7,557	4,839	(2,718)
Transfers out	0	0	0	0
Total other financing sources and uses	<u>11,394</u>	<u>7,557</u>	<u>4,839</u>	<u>(2,718)</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-2 Fund

Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 67,513	\$ 67,513	\$ 67,513	\$ 0
Public Support	7,251	7,251	6,353	(898)
Total Revenues	<u>74,764</u>	<u>74,764</u>	<u>73,866</u>	<u>(898)</u>
EXPENDITURES				
Current:				
Personnel	16,934	16,221	17,414	(1,193)
Fringe	2,025	2,012	1,650	362
Travel	145	0	0	0
Operating Services	7,003	7,259	6,631	628
Operating Supplies	1,640	1,850	1,680	170
Other Costs	372	847	1,419	(572)
Full Service	0	0	0	0
Meals	63,000	89,760	66,781	22,979
Capital Outlay	0	0	0	0
Total Expenditures	<u>91,119</u>	<u>117,949</u>	<u>95,575</u>	<u>22,374</u>
Excess of expenditures over revenues	<u>(16,355)</u>	<u>(43,185)</u>	<u>(21,709)</u>	<u>21,476</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16,865	43,185	21,709	(21,476)
Transfers out	(510)	0	0	0
Total other financing sources and uses	<u>16,355</u>	<u>43,185</u>	<u>21,709</u>	<u>(21,476)</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Section 5311 Fund

**Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>GAAP Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Livingston Parish Council	\$ 105,000	\$ 105,000	\$ 93,707	\$ (11,293)
Total Revenues	105,000	105,000	93,707	(11,293)
EXPENDITURES				
Current:				
Personnel	0	0	0	0
Fringe	0	0	0	0
Travel	0	0	0	0
Operating Services	0	0	0	0
Operating Supplies	0	0	0	0
Other Costs	0	0	0	0
Total Expenditures	0	0	0	0
Excess of revenues over expenditures	105,000	105,000	93,707	(11,293)
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	(105,000)	(105,000)	(93,707)	11,293
Total other financing sources and uses	(105,000)	(105,000)	(93,707)	11,293
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

Budgetary Comparison Schedule - NSIP Fund

Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>GAAP Basis</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 24,446	\$ 46,707	\$ 44,112	\$ (2,595)
Total Revenues	<u>24,446</u>	<u>46,707</u>	<u>44,112</u>	<u>(2,595)</u>
EXPENDITURES				
Current:				
Personnel	0	0	0	0
Fringe	0	0	0	0
Travel	0	0	0	0
Operating Services	0	0	0	0
Operating Supplies	0	0	0	0
Other Costs	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over expenditures	<u>24,446</u>	<u>46,707</u>	<u>44,112</u>	<u>(2,595)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	(24,446)	(46,707)	(25,282)	21,425
Total other financing sources and uses	<u>(24,446)</u>	<u>(46,707)</u>	<u>(25,282)</u>	<u>21,425</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>18,830</u>	<u>\$ 18,830</u>
FUND BALANCE				
Beginning of year			<u>44,189</u>	
End of year			<u>\$ 63,019</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - EFSP Fund

**Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
United Way of America	\$ 42,000	\$ 61,151	\$ 61,150	\$ (1)
Interest Income	0	18	37	19
Total Revenues	<u>42,000</u>	<u>61,169</u>	<u>61,187</u>	<u>18</u>
EXPENDITURES				
Current:				
Meals	42,000	59,903	59,921	(18)
Total Expenditures	<u>42,000</u>	<u>59,903</u>	<u>59,921</u>	<u>(18)</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>1,266</u>	<u>1,266</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	0	(1,266)	(1,266)	0
Total other financing sources and uses	<u>0</u>	<u>(1,266)</u>	<u>(1,266)</u>	<u>0</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			0	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LIVINGSTON COUNCIL ON AGING DENHAM SPRINGS, LOUISIANA

FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - BUDGETARY REPORTING

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

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

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for its programs.
- The Livingston Parish Council (LPC) also provides funds to the Council via the Section 5311 program administered by the Louisiana Department of Transportation and Development (DOTD). Accordingly, the Council submits an application and budget to DOTD to request funding under the Section 5311 program. DOTD, in turn, notifies the Council of the maximum amount the Council can get reimbursed under this program in the upcoming year.
- The revenue information supplied by GOEA and DOTD 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- Once information regarding projected revenues and expenditures has been obtained, the Council's executive director and bookkeeper prepare a proposed budget based on the projections. The proposed budget is reviewed and approved by the Council's Finance Committee before it is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting, usually held before May 31 of the current fiscal year.
- The adopted budget is forwarded to GOEA for final 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, the Council will automatically re-budget funds in the next fiscal year to complete the grant or contract. An example where this type of situation arises is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicle delivered in another.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. Budget amendments are sent to GOEA and approved by that agency. During the fiscal year, management amended the Council's budget once at a regular board meeting on March 3, 2004, using a procedure similar to the one used to approve the original budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- The Council may transfer funds between line items in its budget as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs (GOEA) for funds received under grants from this agency. As part of its grant compliance, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed their budgeted amounts by more than 10%.
- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

NOTE 2 - GENERAL FUND'S BUDGETED OPERATING DEFICIT:

Management budgeted an operating deficit in the Council's General Fund this year because (1) there was a need to replace two vehicles that had been sold due to their age and (2) there was a demand for other social services that did not have enough intergovernmental or program revenues to support their activities. Instead of cutting services management decided to continue to operate all programs at least at current levels until the Council could begin receiving the proceeds from a property tax that was passed on its behalf during the fiscal year.

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

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

**Livingston Council on Aging,
Denham Springs, Louisiana
For the year ended June 30, 2004**

	Title III C-1 AAA	Title III D	Title III E	Senior Center	Supple. Senior Center	Audit	Utility Assistance	Totals
REVENUES								
Intergovernmental:								
Governor's Office of Elderly Affairs	\$ 25,720	\$ 4,196	\$ 23,379	\$ 43,736	\$ 3,825	\$ 2,085	\$ 0	\$ 102,941
Public Support (Restricted):								
Client contributions	0	0	0	0	0	0	0	0
Various utility companies	0	0	0	0	0	0	25,987	25,987
General public donations	0	0	1,407	0	0	0	0	1,407
Total revenues	<u>25,720</u>	<u>4,196</u>	<u>24,786</u>	<u>43,736</u>	<u>3,825</u>	<u>2,085</u>	<u>25,987</u>	<u>130,335</u>
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Personnel	14,453	4,379	2,518	0	0	0	0	21,350
Fringe	1,747	391	248	0	0	0	0	2,386
Travel	0	0	0	0	0	0	0	0
Operating Services	5,809	219	283	0	0	0	0	6,311
Operating Supplies	1,046	42	32	0	0	0	0	1,120
Other Costs	2,665	290	1,118	0	0	2,085	0	6,158
Full Service	0	0	20,587	0	0	0	0	20,587
Meals	0	0	0	0	0	0	0	0
Utility Assistance	0	0	0	0	0	0	27,401	27,401
Capital Outlay	0	0	0	0	0	0	0	0
Total expenditures	<u>25,720</u>	<u>5,321</u>	<u>24,786</u>	<u>0</u>	<u>0</u>	<u>2,085</u>	<u>27,401</u>	<u>85,313</u>
Excess of revenues over (under) expenditures	0	(1,125)	0	43,736	3,825	0	(1,414)	45,022
OTHER FINANCING SOURCES (USES)								
Operating transfers in	0	1,125	0	0	0	0	0	1,125
Operating transfers out	0	0	0	(43,736)	(3,825)	0	0	(47,561)
Net increase (decrease) in fund balances	0	0	0	0	0	0	(1,414)	(1,414)
FUND BALANCE (DEFICIT)								
Beginning of year	0	0	0	0	0	0	7,822	7,822
End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,408</u>	<u>\$ 6,408</u>

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

**Livingston Council on Aging
Denham Springs, Louisiana
For the year ended June 30, 2004**

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
<u>Capital Assets</u>				
Vehicles	\$ 139,176	\$ 0	\$ (55,732)	\$ 83,444
Furniture & equipment	27,336	1,200	0	28,536
Computer equipment	2,749	0	0	2,749
Nutrition equipment	2,739	0	0	2,739
Storage building	0	2,895	0	2,895
Leasehold improvements	13,068	0	0	13,068
Health maintenance equipment	1,995	0	0	1,995
Total capital assets	<u>\$ 187,063</u>	<u>\$ 4,095</u>	<u>\$ (55,732)</u>	<u>\$ 135,426</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
General Funds & Local Donations	\$ 144,699	\$ 4,095	\$ (16,720)	\$ 132,074
Senior Center	3,352	0	0	3,352
FTA - Section 5310	39,012	0	(39,012)	0
Total investment in capital assets	<u>\$ 187,063</u>	<u>\$ 4,095</u>	<u>\$ (55,732)</u>	<u>\$ 135,426</u>

NEIL G. FERRARI

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

To the Board of Directors,
Livingston Council on Aging
Denham Springs, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Denham Springs Council on Aging, Denham Springs, Louisiana, (the Council) as of and for the year ended June 30, 2004, which collectively comprise the Council's basic financial statements and have issued my report thereon dated August 26, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

Baton Rouge, Louisiana,
August 26, 2004

Neil Ferrari, CPA

Neil G. Ferrari, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Livingston Council on Aging
Denham Springs, Louisiana**

For the year ended June 30, 2004

I have audited the financial statements of the Livingston Council on Aging, Denham Springs, Louisiana as of and for the year ended June 30, 2004, and have issued my report thereon dated August 26, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

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

Internal Control:

Material Weaknesses Yes No
Reportable Conditions Yes No

Compliance:

Compliance Material to Financial Statements Yes No

b. Federal Awards

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

c. Identification of Major Programs

This section is not applicable.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

d. Management Letter

The auditor issued a management letter Yes No

Section II - Financial Statement Findings and Questioned Costs

There are no significant findings or questioned costs.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Livingston Council on Aging
Denham Springs, Louisiana

For the Year Ended June 30, 2004

Section I - Internal Control and Compliance Deficiencies Material to the Financial Statements

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

Section II - Internal Control and Compliance Deficiencies Material to Federal Awards

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

Section III - Management Letter

Internal Control Weaknesses

Finding 2003 – 1: Fraud Prevention and Detection

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

Management's Corrective Action: The Council's board appointed a specific person to be the auditor liaison to discuss matters with him on a confidential basis. The board has developed and adopted new policies and procedures to strengthen management's ability to prevent and detect fraud. Management believes that the Council has taken the action intended by the auditor and considers this matter resolved. Management will continue to be alert to areas where it can be proactive in preventing and detecting fraud.

Finding 2003 - 2: Journal Entries

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Finding 2003 - 3: EFSP Meal Cost Calculation Needs Correcting

Auditor's Finding - The Council was using the wrong reimbursement amount when determining the portion of meal costs that can be paid for using EFSP funds.

Management's Corrective Action: The Council made an adjustment to correct the error before it closed out Phase 21, but did not make enough adjustment to begin the Phase 22 period. So, a similar error occurred because the Council had paid \$476 too much towards meals costs as of June 30. We will correct the error before Phase 22 closes and pay better attention to how we compute EFSP's share of the home-delivered meals costs in the future. This matter is now considered resolved.

Finding 2003 - 4: Section 5311 Rural Transportation Percent Needs Updating

Auditor's Finding - The Council needs to analyze its rural transportation percentage to determine if it is reasonably accurate. The auditor was concerned that the Council might be requesting too much or not enough reimbursement from DOTD under the Section 5311 program. The formula the Council uses requires periodic updating of its rural transportation percentage to ensure the accuracy of the monthly reports.

Management's Corrective Action: The Council did not do the auditor's recommended analysis until late in FY 2004. When we did the analysis, we discovered that the rural transportation percent needed to be adjusted. For the months July 2003 through April 2004, we used a blended rate of 79% to calculate certain costs on our monthly reports. The rate for May 2004 was 66% and June 2004 was 73%. As a result, we discontinued the use of the blended rate concept and developed a series of worksheets that would calculate a more accurate percent that we would use each month. So, beginning with the May 2004 Section 5311 monthly report, we have begun to use the new worksheets. In doing so, we believe the monthly reports more accurately report the Council's rural transportation costs. Accordingly, we now believe this matter has been resolved as the auditor expected.

Finding 2003 - 5: Instances Noted Where Documentation Was Lacking Could Be Improved

Auditor's Finding - The auditor presented several instances where documentation could be improved or where documentation was lacking.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

Management's Corrective Action: The Council's management corrected some of the documentation deficiencies but, unfortunately, not all of them. We did not fully resolve the auditor's findings in these areas: food box distributions; why a vendor other than the low bidder for certain food items was selected to supply food for the food boxes we distribute; the board minutes failed to mention the approval of our budget amendment in March despite the fact that it was approved at that meeting; and the approval on how expenditures should be classified was not always documented, accordingly, some classification errors occurred. The errors relating to the uncorrected items did not significantly affect the Council's financial statements. However, management believes it is important to resolve the auditor's findings and we will be more attentive in FY 2005.

Finding 2003 - 6: Some Bank Deposits Were Not Insured or Collateralized as Required by State Law.

Auditor's Finding - The Council's bank account was not labeled as "public funds"; therefore, some funds were at risk of loss.

Management' Corrective Action: The Council contacted its bank and the bank said it would correct the error. However, the auditor discovered the bank failed to follow through with its promise to correct the error. The Council's executive director called the bank again and this time the error was corrected. We received something in writing to document the correction had been made. Management believes this matter has been resolved.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Livingston Council on Aging
Denham Springs, Louisiana

For the Year Ended June 30, 2004

To the following oversight agencies for audit:

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

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

Livingston Council on Aging, Denham Springs, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2004.

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

Audit period: For the year ended June 30, 2004.

Section I - Financial Statement Findings

There were no findings reported by the auditor in this section.

Section II - Major Federal Awards Program Findings and Questioned Costs

There were no findings reported by the auditor in this section.

Section III - Management Letter

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

If you have any questions regarding this corrective action plan, please call Josephine Mayo, the Council's Executive Director, at (225) 664-9343.