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ST. MARY COUNCIL ON AGING, INC.

Franklin, Louisiana

Financial Report

Year Ended June 30, 1968

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

Release Date 11/14/68

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
(COMBINED STATEMENTS - OVERVIEW)	
Combined balance sheet - all fund types and account groups	3
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	4
Combined statement of revenues, expenditures, and changes in fund balances - budget (KLAF (line)) and actual - all governmental fund types	6-7
Notes to financial statements	8-22
SUPPLEMENTARY INFORMATION	
SCHEDULES OF INDIVIDUAL FUNDS	
Statement of program revenues, expenditures, and changes in fund balances - General Fund	23
Combining schedule of revenues, expenditures, and changes in fund balances - all special revenue funds	24-27
Statement of expenditures - budget (KLAF (line)) and actual - all special revenue funds	28-29
INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	31-32
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Changes in General Fund Assets	34
Schedule of Disbursements to Fund Members	35
Summary Schedule of Prior Year Findings	36
Schedule of Findings and Questioned Costs	37-38
Management's Corrective Action Plan for Current Year Findings	39



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Independent Auditor's Report

TO THE BOARD

OF THE ST. MARY COUNCIL ON AGING, INC.
 MONROE, LA 70601

WE HAVE EXAMINED THE ACCOMPANYING GENERAL PURPOSE FINANCIAL STATEMENTS OF THE ST. MARY COUNCIL ON AGING, INC., AS OF AND FOR THE YEAR ENDED JUNE 30, 1998, AS SHOWN IN THE TABLE OF CONTENTS.

OUR EXAMINATION WAS CONDUCTED IN ACCORDANCE WITH THE STANDARDS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

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**The Board of Directors
 St. Mary Council on Aging, Inc.
 Monroe, Louisiana**

We have audited the accompanying general purpose financial statements of the St. Mary Council on Aging, Inc., as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary Council on Aging, Inc. as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also based our report dated September 25, 1998 on our consideration of the St. Mary Council on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the St. Mary Council on Aging, Inc. taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the St. Mary Council on Aging, Inc. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Darnall, Sikes & Frederick
 A Corporation of Certified Public Accountants

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**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

ST. MARY COLLEGE, DIM AGING, INC.

Continued Balance Sheet – All Fund Types and Account Groups
June 30, 1998

	Governmental Fund Types		Account Groups		Total (Miscellaneous Only)
	General	Special Revenues	General	General	
			Fixed Assets	Long-term Debt	
ASSETS					
Cash	\$ 124,633	\$ 6,117	\$ -	\$ -	\$ 130,750
Investments	217,266	-	-	-	217,266
Due from other funds	1,417	-	-	-	1,417
Due from other agencies	7,126	-	-	-	7,126
Other receivables	4,523	1,417	-	-	5,940
Prepaid expenditures	3,498	-	-	-	3,498
Fixed assets	-	-	113,126	-	113,126
Amount to be provided for retirement of general long-term debt	-	-	-	8,732	8,732
Total assets	\$ 388,234	\$ 7,534	\$ 113,126	\$ 8,732	\$ 518,626
LIABILITIES AND FUND EQUITY					
Liabilities:					
Deferred revenue	\$ 204	\$ -	\$ -	\$ -	\$ 204
Due to other funds	-	1,417	-	-	1,417
Long-term debt - Accumulated capitalization	-	-	-	8,732	8,732
Total liabilities	204	1,417	-	8,732	10,353
Fund Equity:					
Investment in fixed assets	-	-	113,126	-	113,126
Fund balances:					
Unreserved - undesignated	281,903	6,117	-	-	288,020
Reserved for prepaid expenditures	3,600	-	-	-	3,600
Reserved for payment of utility bills	3,523	-	-	-	3,523
Total fund balances	289,026	6,117	-	-	295,143
Total fund equity	289,026	6,117	113,126	-	398,269
Total liabilities and fund equity	\$ 388,234	\$ 7,534	\$ 113,126	\$ 8,732	\$ 518,626

The accompanying notes are an integral part of this statement.

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ST. MARY COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances -- All Governmental Fund Types
Year Ended June 30, 1998

	General	Special Revenues	Total (Memorandum Only)
Revenues:			
Intergovernmental	\$ 16,700	\$ 181,708	\$ 198,408
Program	-	81,671	81,671
Local and miscellaneous	60,211	42,180	102,391
Total revenues	116,911	223,559	340,470
Expenditures:			
Current -			
Salaries	29,819	104,172	133,991
Fringe	1,663	29,660	31,323
Travel	283	28,956	29,239
Operating services	3,749	44,423	48,172
Operating supplies	1,369	18,698	20,067
Other costs	2,320	3,600	5,920
Capital outlay	112	28,729	28,841
Total expenditures	38,215	148,638	186,853
Deficiency of revenues over expenditures	78,696	74,921	153,617
Other financing sources (uses):			
Operating transfers in	-	210,889	210,889
Operating transfers out	(18,411)	(122,488)	(140,899)
Total other financing sources (uses)	(18,411)	88,401	70,000
Deficiency of revenues and other sources over expenditures and other uses	117,107	(34,027)	83,080
Fund balances, beginning of year	400,456	23,512	423,968
Fund balances, end of year	\$ 283,349	\$ 87,485	\$ 370,834

The accompanying notes are an integral part of this statement.

ST. MARK COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (GAAP Basis) and Actual - All Governmental Fund Types
Year Ended June 30, 1998

	General Fund		Balance - Forward (Unfavorable)
	Budgeted	Actual	
Revenues:			
Intergovernmental	\$ 37,118	\$ 38,992	\$ 1,874
Program	-	-	-
Local and miscellaneous	13,834	62,233	48,400
Total revenues	50,952	101,225	50,274
Expenditures:			
Current:			
Salaries	20,819	20,819	-
Fringe	1,665	1,665	-
Travel	242	584	(342)
Operating services	3,679	3,749	(70)
Operating supplies	-	1,569	(1,569)
Other costs	2,000	2,730	(730)
Capital outlay	332	212	-
Total expenditures	28,737	31,219	(2,482)
Deficiency of revenues over expenditures	22,215	70,006	52,756
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(81,720)	(88,411)	6,691
Total other financing sources (uses)	(81,720)	(88,411)	6,691
Deficiency of revenues and other sources over expenditures and other uses	(59,505)	(17,415)	42,090
Fund balances, beginning of year	61,456	61,456	-
Fund balances, end of year	\$ 1,951	\$ 44,041	\$ 42,090

The accompanying notes are an integral part of this statement.

Special Revenue Funds		
Budgeted	Actual	Variance - Favorable (Unfavorable)
\$ 191,328	\$ 191,720	-
68,608	61,677	1,677
<u>122,720</u>	<u>130,043</u>	<u>6,323</u>
<u>289,600</u>	<u>281,780</u>	<u>5,820</u>
316,320	254,173	300
25,217	21,683	(44)
19,810	20,051	(1,241)
46,625	44,623	2,000
14,000	18,688	(4,688)
9,000	7,005	1,995
<u>59,749</u>	<u>38,739</u>	<u>-</u>
<u>400,901</u>	<u>401,658</u>	<u>(757)</u>
<u>611,256</u>	<u>615,843</u>	<u>5,855</u>
212,871	218,889	(1,982)
<u>225,892</u>	<u>222,498</u>	<u>3,694</u>
<u>82,720</u>	<u>88,684</u>	<u>664</u>
(15,517)	(7,488)	6,177
<u>22,817</u>	<u>23,817</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 6,117</u>	<u>\$ 6,117</u>

ST. MARY COUNCIL, INC. (SMC), INC.

Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Act 404 of 1964 authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. Charters are issued by the Louisiana Secretary of State upon approval by the Governor's Office of Elderly Affairs. Each Council is a non-profit, quasi-public corporation which must comply with policies and regulations established by the Governor's Office of Elderly Affairs, the state agency which provides the Council with most of its revenue. The Council also receives revenue from other federal, state, and local government agencies which may impose some additional requirements.

The primary function of the Council on Aging is to improve the quality of life for the parish's elderly and to provide services to the elderly as well as coordinate and monitor the services of other local agencies serving the aging people of the parish. Some of the services provided by the Council include congregate and home delivered meals, nutritional education, information and referral services, legal assistance, homemaker services, driveway services, material aid, outreach, operating senior centers, and transportation. A Board of Directors, consisting of 15 voluntary members who serve three-year terms, governs the Council.

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

This report includes all funds and account groups which are controlled by or dependent on the St. Mary Council on Aging, Inc. Control by or dependence on the Council was determined on the basis of budget adoption, appointment of governing body, and other general oversight responsibility.

B. Preparation of Statements

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

The accompanying financial statements conform to generally accepted accounting principles for state and local governments. These statements have also incorporated any applicable requirements set forth by GASB's *Statement of Financial Accounting Standards for the Voluntary Public*, issued by the American Institute of Certified Public Accountants, Subsection 701 - Annual Financial Reporting, accounting manual for Governor's Office of Elderly Affairs contractors, and, the Louisiana Governmental Audit Guide.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

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

The accounts of the Council are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the manner by which operating activities are conducted. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories (account groups).

Governmental Fund Types

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

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

General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. These discretionary funds are accounted for and reported according to the source (federal, state or local) from which they are derived. In addition, the servicing of general long-term debt is accounted for in the General Fund because unrestricted resources are used to pay for the liabilities incurred by this fund and there are no legal constraints to set a debt service fund.

The following programs comprise the Council's General Fund:

Other Local

Revenues, such as: (1) donations from the general public, (2) income from various foundations, and (3) interest income earned on idle funds which have been invested, have been recorded in the "other local" program of the General Fund. Expenses incurred which are not chargeable to specific programs are recorded in "other local" program expenditures. Also, expenses incurred to produce related program service fees and fundraising income are charged as "other local" program expenditures. "Other local" funds are also used as transfers to special revenue funds to supplement these programs. In addition, fixed asset additions are generally paid with "other local" funds.

ST. MARY COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Elder Act 115

PCA (Act 115) funds are appropriated for the Governor's Office of Elderly Affairs by the Louisiana Legislature for resistance to the Council on Aging. The Council may use the "Act 115" funds at its discretion provided the program is benefiting people who are at least 60 years old.

Medicaid

This is a program where the Council completes enrollment applications for people wanting to apply for Medicaid services. The Council is paid \$34 per application it completes by the Department of Health and Hospitals (DHH). Any funds remaining after applying direct costs to operate this program are available for discretionary use by management.

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of special licenses, taxes, grants (other than special assessments and major capital projects) that are legally restricted to expenditures for special purposes.

The following are the funds which comprise the Council's Special Revenue Funds:

Title III-B Supportive Services Fund

Title III-B funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This program is used to account for funds which are to provide a variety of social services, such as, information and assistance, access services, in-home services, community services, legal assistance, and outreach for people age 60 and older.

Title III-C-1 Congregate Meals Fund

Title III-C-1 funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This fund is used to account for funds which are used to provide nutritional, congregate meals for the elderly in geographically located centers. During the fiscal year July 1, 1997 to June 30, 1998, the Council served about 11,581 congregate meals.

ST. MARY COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title III C-2 Home Delivered Meals Fund

Title III C-2 funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This fund is used to account for funds which are used to provide nutritional, home delivered meals to homebound older persons. During the fiscal year July 1, 1997 to June 30, 1998, the Council served about 66,856 home delivered meals.

Title III-D Fund

The Title III-D Fund is used to account for funds which are used to provide in-home services to frail older individuals, including in-home supportive services for older individuals who are victims of Alzheimer's disease and related disorders with neurological and organic brain dysfunction, and to the families of such victims. Title III-D funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

Title III-F Fund

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

United Way Fund

This fund reports assistance received from the community's regular United Appeals Activity. The funds are received upon application to the United Way Agency and are subject to monitoring by that Agency.

ST. MARY CENTER, ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program provides community service centers at which older persons receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council operates two senior centers in St. Mary Parish, Louisiana.

Title III D-Deshobanum Fund

The Deshobanum Fund is used to account for funds used to provide people age 65 and older residing in long-term care facilities a representative to ensure that such residents' rights are upheld, to resolve complaints by residents with the management of the long-term care facility, and to promote quality care in the facility. Deshobanum funds are provided by the United States Department of Health and Human Services through the Louisiana-Governor's Office of Elderly Affairs which in turn "passes through" the funds to the Council.

Miscellaneous Grant

The Miscellaneous Grant Fund is used to account for funds provided by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. The funds are used to supplement the other programs operated by the Council.

Section 5311

Section 5311 funds for local transportation are funds provided by the United States Department of Transportation through the Louisiana Department of Transportation and Development which in turn passes these funds to the Council via the St. Mary Parish Policy Jury. Funds received and received by the Council are based on actual operating costs of providing transportation services to rural residents within the parish.

FTA Fund

The FTA Fund is used to account for the acquisition of vehicles purchased in part with Federal funds under various capital assistance programs. The Louisiana Department of Transportation and Development administers the receipt and disbursement of the FTA funds and the required matching funds from the Council.

ST. MARY COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Account Group

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

General Fixed Assets

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

General Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group shows only the measurement of financial position and is not involved with measurement of results of operations. Principal and interest payments on long-term liabilities (bank loans and capital lease obligations) are accounted for in the General Fund because the Council intends to use unrestricted revenues to pay them and no legal statute exists to establish a debt service fund.

D. Basis of Accounting

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

Capital assets are maintained on the modified accrual basis of accounting where revenues are recognized in the accounting period in which they become susceptible to accrual (i.e., when they are "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. The Council considers all revenues available if they are collected within 60 days after year end. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on long-term debt, which are recorded when due.

ST. MARY COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Transfers and Inherited Loans

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

1. Budget Policy

The Council follows these procedures in establishing the budgetary data reflected in these financial statements.

The Governor's Office of Elderly Affairs "GOEA" notifies the Council each year as to the funding levels for each program's grant award.

The Council may also obtain grants from agencies other than GOEA, and the Council considers the potential revenues to be earned under these grants.

Projections are made of revenues from other sources based on past trends and data available to form expectations of future revenues.

The Executive Director prepares a proposed budget based on the expected funding levels and then submits the budget to the Board of Directors for approval.

The Board of Directors reviews and adopts the budget before May 31 of the current year for the next year.

The adopted budget is forwarded to the Governor's Office of Elderly Affairs for final approval.

All budgetary appropriations lapse at the end of each fiscal year (June 30). Occasionally, the Council will receive a special project grant which may operate on a period different than the Council's normal fiscal year, and therefore, have a specified date when the budgetary appropriations will lapse.

The budget is prepared on the 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.

Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

ST. MARY COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Council may transfer funds between line items or when as required but must obtain prior approval from the Governor's Office of State Affairs for funds received under grants from this state agency. As a part of this grant award, OSA requires the Council to amend its budget in years where actual costs for a particular cost category exceeded the budgeted amount by more than ten percent. Otherwise, the excess costs could be labeled as unallowable expenditures.

Expenditures cannot legally exceed appropriations at the individual fund level.

The Council is not required by state or local law to prepare a budget for every program of activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be incidental by management.

10. Total Debits on Combined Statements - Over/under

Total debits on the combined statements - over/under are captioned "Miscellaneous Only" to indicate that they are presented only to help with financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

11. Fixed Assets, Including Property Leased Under Capital Leases

Assets which cost at least \$200 and which have an estimated useful life of greater than one year are capitalized as fixed assets. All fixed assets are stated at historical cost or estimated historical cost, if actual historical cost is not available. Depreciated fixed assets are stated at their estimated fair market value on the date shown. No depreciation has been provided on general fixed assets.

Capital leases are recorded at the inception of the lease as capital outlay expenditures and other financing activities in governmental fund types and as assets and liabilities in the General Fund Asset and General Long-term Debt account groups, respectively, at the present value of the minimum lease payments, using the interest rates stated in the leases. Lease payments are recorded as expenditures on the due date; the portion of the payments applicable to principal, determined by using interest rates implicit in the lease, is reported as a reduction of the capitalized lease obligation in the General Long-term Debt account group.

12. Compensated Absence

The Council's policy allows full-time and part-time employees to carry forward 30 days of annual sick leave and 5 days of annual leave beyond the fiscal year end. Employees earn 5 days of sick leave per year. Annual leave is earned by employees based on length of service. Upon separation of service, the employee will be paid for accrued annual leave for the current contract year. An employee will receive no compensation for unused sick leave upon separation from employment. The liability for accumulated annual leave has been recorded in the General Long-Term Debt account group.

ST. MARY COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Related Party Transactions

There were no related party transactions noted during the fiscal year.

K. Restricted Assets

Restricted assets represent assets which have been primarily acquired through donations whereby the donor has placed a restriction on how the donation can be used by the Council (i.e., utility assistance funds). Restricted assets are offset by a corresponding reservation of the Council's fund balance.

L. Reservation and Designation of Fund Balances

The Council's "reserved" portion of its fund balance that are not available for expenditures because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated allocations of fund balances exist when the Council's management intends to expend certain resources in a designated manner.

M. Prepaid Expenses

The Council has elected not to expense amounts paid for future services until those services are consumed in compliance with the cost reimbursement terms of its grant agreements. The fund balances in the governmental fund types have been reserved for any prepaid expenditures recorded in these funds to reflect the amount of fund balance not currently available for expenditure.

N. Use of Estimates

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

NOTE 2: REVENUE RECOGNITION - INTERGOVERNMENTAL, PROGRAM SERVICE FEES, PUBLIC SUPPORT, AND MISCELLANEOUS REVENUES

Intergovernmental

Intergovernmental revenues are recorded in governmental funds as revenues in the accounting period when they become measurable to account, that is, measurable and available (modified accrual basis). Intergovernmental grants do not allow the Council to recognize revenue until the grant award until actual costs are incurred or units of service are provided.

ST. MARY COUNCIL ON AERIAL INC.

Notes to Financial Statements

NOTE 2: MINIMUMS RECOGNITION – INTERGOVERNMENTAL, PROGRAM SERVICE FEES, PUBLIC SUPPORT, AND MISCELLANEOUS REVENUES (CONTINUED)

Program Service Fees

Program service fees are recognized when the Council provides the service that entitles the Council to charge the recipient for the services received. The Council encourages and receives contributions from clients to help offset the costs of the Title III-A, C-1, C-2 and D programs.

Public Support and Miscellaneous Revenues

Utility assistance funds are provided from public donations via utility company programs. In addition, various fund-raising events are held during the year to obtain funds to offset costs of general operations and senior activities. The timing and amounts of the receipts of public support and miscellaneous revenues are difficult to predict; therefore, they are not susceptible to accrual and are recorded as revenues in the period received.

NOTE 3: CASH AND INTEREST-BEARING DEPOSITS

The Council maintains a consolidated bank account to deposit the money it collects and to pay its bills. The consolidated bank account is available for use by all funds. The purpose of this consolidated account is to reduce administrative costs and facilitate cash management. The consolidated account also allows those funds with available cash balances to cover any negative cash balances in other funds at year end. At June 30, 1998, the balance of the Council's consolidated bank account was \$105,263. The Council also maintains an inter-counting, clearing account with a national securities brokerage firm having an office located in St. Mary Parish. At June 30, 1998, the balance of this account was \$37,489.

Deposit balances (bank balances) at June 30, 1998, totaled \$ 142,752 and are reported as follows:

Bank Balances	\$ 142,752
Federal deposit insurance	1,354
Unaccrued deposits at June 30, 1998	<u>2,246</u>

GAAP Statement 3 categorizes the credit risk of the federally insured portion of the deposits as Category 1 because they are fully insured. The unaccrued portion of the deposits is categorized by GAAP Statement 3 as Category 3. Category 3 included unsecured and uncollateralized deposits.

NOTE 4: INVESTMENTS

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

1. United States Treasury Bonds,
2. United States Treasury Notes,
3. United States Treasury Bills,
4. Obligations of U.S. Government Agencies, including such instruments as Federal Home Loan Bank Bonds, Government National Mortgage Association bonds, or a variety of "Federal Farm Credit" bonds,
5. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations, located within the State of Louisiana,

ST. MARY COUNCIL ON AIDS, INC.

Notes to Financial Statements

NOTE 4 INVESTMENTS (CONTINUED)

4. Fully collateralized repurchase agreements;
5. Fully collateralized interest-bearing checking accounts; and
6. Mutual or Trust Fund investments which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States Government or its agencies.

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

At June 30, 1998, investments consisted of the following:

Type of Investment	Amount	Rate	Maturity
Wahway National Bank:			
Certificate of deposit	\$ 16,496	4.55%	September 2, 1998
Certificate of deposit	71,183	4.85%	October 21, 1998
Truist Federal Savings Bank:			
Certificate of deposit	48,587	4.75%	April 30, 1999
Edward D. Jones:			
Certificate of deposit	31,000	5.90%	November 5, 1998
Certificate of deposit	45,000	5.55%	November 12, 1998
Certificate of deposit	37,000	6.15%	April 30, 1999
Certificate of deposit	30,000	5.85%	August 27, 1999
Total investments	\$312,266		

All of the above deposits were covered by federal depository insurance (Category 1).

The above investments have been recorded at cost, which approximates market value. The market value of the above investments do not fluctuate except for the certificates of deposit at Edward D. Jones and they only fluctuate in slight amounts. Management intends to hold all investments until their maturity, thus, no entry has been made in the books to reflect any increases or decreases in market value at year end.

NOTE 5 CHANGES IN GENERAL FIXED ASSETS

	Balance July 1, 1997		Additions	Deletions	Balance June 30, 1998
Furniture & fixtures	\$ 34,262	\$ 4,812	\$ 496		\$ 39,570
Vehicles	64,807	22,258	26,871		113,936
Total general fixed assets	\$ 99,069	\$ 27,070	\$ 27,367		\$ 153,506

ST. MARY COUNSEL ON AGING, INC.

Notes to Financial Statements

NOTE 6 BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board. Therefore, no compensation has been paid to any member. However, board members are reimbursed for out-of-pocket travel expenses incurred in accordance with the Council's regular personnel policy.

NOTE 7 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 is an organization that is not a private foundation as defined in Section 170(e) of the Code. It is also exempt from Louisiana income tax.

NOTE 8 CHANGES IN LONG-TERM DEBT

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

	Balance July 1, 1997		Principal		Balance June 30, 1998
	Additions	Deletions			
Accrued annual leave	\$ 2,293	\$ 5,620	\$ 3,520		\$ 4,393

Accrued annual leave is expected to be paid during the fiscal year-end June 30, 1999.

\$ 4,393

The annual requirements to amortize all debt outstanding on June 30, 1998, are as follows:

Outstanding June 30,

1999

\$ 4,393

NOTE 9 JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against the Council as June 30, 1998. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance.

NOTE 10 FEDERAL AWARD PROGRAMS

The Council receives revenues from various Federal and State grant programs which are subject to final review and approval as to appropriateness of expenditures by the respective grantor agencies. Any adjustments or corrections arising out of a final review are recognized in the period in which agreed upon by the agency and the Council. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Council's financial position.

ST. MARY COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 13 ECONOMIC DEPENDENCY

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

NOTE 13 RISK MANAGEMENT

The Council is exposed to various risks of loss related to theft, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the Council's insurance coverage.

NOTE 13 INTERFUND LOANS

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 1,017	\$ -
Special Revenue Funds		
Title III-F	<u> -</u>	<u>1,017</u>
	<u>\$ 1,017</u>	<u>\$ 1,017</u>

NOTE 14 INTERFUND TRANSFERS

Opening transfers in and out are listed by fund for 1998:

	Funds transferring out			
	Miscellaneous Grant	PCSA Act 733	Senior Center	Section 5011
Funds transferring in				
Title III-F	\$ 4,500	\$ -	\$ 36,386	\$ 22,604
Title III-C-2	-	11,728	-	-
Title III-D	-	-	-	-
Title III-F	-	-	-	-
PTA Fund	-	-	8,176	-
Contributions	-	-	-	-
	<u>\$ 4,500</u>	<u>\$ 11,728</u>	<u>\$ 44,562</u>	<u>\$ 22,604</u>

ST. MARY COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 14: INTERFUND TRANSFERS/CONTINGENCY

	Funds transferring out:			Total
	General Fund	United Way	Title C-1	
Funds transferring to:				
Title 81-B	\$ 42,101	\$ 29,111	\$ 86,481	\$ 145,479
Title 81C-2	28,167	18,934	-	47,101
Title 81-D	185	-	-	185
Title 81-F	99	-	-	99
FTA Fund	-	-	-	0
Contingency	5,084	-	-	5,084

NOTE 15: RESERVED FUNDS BALANCE

The Council receives funding from various utility companies for the restricted purpose of alleviating hardship conditions related to the payment of utility bills for elderly individuals. Funds available at year end for this purpose have been reserved accordingly. The following summary outlines the activity by fund source for the year ended June 30, 1998:

	Balance July 1, 1997	Revenues July 1, 1997 - July 30, 1998	Disbursements July 1, 1997 - June 30, 1998	Balance June 30, 1998
LAZCO	\$ 5,270	\$ 1,061	\$ 2,320	\$ 3,911
Co-op Care	1,334	50	-	1,384
	\$ 6,604	\$ 1,111	\$ 2,320	\$ 5,395

NOTE 16: LEASES

The Council entered into an operating lease for a site to be used as a senior center on July 1, 1990 for a period of one year. Thereafter, the lease is on a month-to-month basis with either party having the ability to terminate the lease upon giving thirty days notice. Sub-leasing the property is prohibited. Rent expense for the year ended June 30, 1998 is \$2,600.

ST. MARY COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 17 EXCESS EXPENDITURES OVER APPROPRIATIONS

At year-end, expenditures exceeded appropriations in the following funds:

General Fund	\$ <u>1,264</u>
Title III B	\$ <u>28</u>
Title III C-1	\$ <u>274</u>
Title III C-2	\$ <u>264</u>
Title III D	\$ <u>150</u>
Endowment	\$ <u>3</u>

These overexpenditures were funded through transfers from other funds.

NOTE 18 CONCENTRATION OF CREDIT RISK

The Council maintains its operating funds in one financial institution. Cash in these accounts at year-end totaled \$198,000. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$198,000. State law requires public funds to deposit in excess of FDIC limits to secured by the pledge of securities from the financial institution's investment portfolio. At June 30, 1998, the Council had funds on deposit in excess of the federally insured limit and not secured by the pledge of securities by the financial institution.

SUPPLEMENTARY INFORMATION

SCHEDULES OF INDIVIDUAL FINER

ST. MARY COUNCIL ON AGING, INC.

Statement of Program Revenues, Expenditures, and
Changes in Fund Balance - General Fund
Year Ended June 30, 1998

	Local	PCOA Apr 2001	Medicaid	Total
Revenues:				
Intergovernmental	\$ -	\$ 10,779	\$ 27,203	\$ 38,000
Local and miscellaneous -				
St. Mary Parish Council	21,000	-	-	21,000
Food shortage	1,263	-	-	1,263
Sale of fixed assets	7,000	-	-	7,000
Interest income	19,700	-	-	19,700
Utility assistance	1,259	-	-	1,259
Donations	11,000	-	-	11,000
Miscellaneous	382	-	-	382
Total revenues	62,204	10,779	27,203	100,186
Expenditures:				
Current -				
Salaries	-	-	20,000	20,000
Fringe	-	-	1,000	1,000
Travel	622	-	463	1,085
Operating services	2,740	-	1,073	3,813
Operating supplies	1,000	-	-	1,000
Other costs	2,300	-	-	2,300
Capital outlay	222	-	-	222
Total expenditures	7,264	-	21,536	28,800
Excess of revenues over expenditures	54,940	10,779	5,667	71,386
Other financing sources (uses):				
Operating transfers net	(70,000)	(10,779)	-	(80,779)
Total other financing sources (uses)	(70,000)	(10,779)	-	(80,779)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(15,060)	-	5,667	(9,393)
Fund balance, beginning of year	382,000	-	27,700	409,700
Fund balance, end of year	366,940	0	33,367	400,307

ST. MARY COUNCIL ON AGING, INC.

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
All Special Revenue Funds
Year Ended June 30, 1998

	Title 01-0	Title 01-1	Title 01-2	Title 01-3	Title 01-7
Revenues:					
Intergovernmental Program	\$ 47,883	\$ 23,608	\$ 18,244	\$ 2,172	\$ 3,488
Local and miscellaneous	28,332	5,862	21,491	-	-
	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$84,215</u>	<u>\$29,470</u>	<u>\$39,735</u>	<u>2,172</u>	<u>\$3,488</u>
Expenditures:					
Current -					
Salaries	110,994	18,794	71,494	609	-
Fringe	15,842	1,889	6,881	89	-
Travel	2,649	870	14,189	2,119	-
Operating services	10,780	2,048	5,036	144	-
Operating supplies	16,215	542	1,718	19	-
Other costs	6,362	128	544	-	-
Capital outlay	-	-	-	-	3,488
Total expenditures	<u>158,742</u>	<u>23,829</u>	<u>102,732</u>	<u>3,652</u>	<u>3,488</u>
Excess (deficiency) of revenues over expenditures	<u>(74,527)</u>	<u>(4,359)</u>	<u>(62,997)</u>	<u>(1,480)</u>	<u>(80)</u>
Other financing sources (uses):					
Operating transfers in	145,479	-	50,870	280	94
Operating transfers out	-	(38,482)	-	-	-
Total other financing sources (uses)	<u>145,479</u>	<u>(38,482)</u>	<u>50,870</u>	<u>280</u>	<u>94</u>
Deficiency of revenues and other sources over expenditures and other uses	<u>-</u>	<u>(989)</u>	<u>(12,127)</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>785</u>	<u>2,326</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

<u>Contract</u> <u>Way</u>	<u>State</u> <u>Contract</u>	<u>On/Off/Draw</u>	<u>Measurements</u> <u>Grant</u>	<u>FTA</u> <u>Fund</u>	<u>Section</u> <u>5011</u>	<u>Total</u>
\$ -	\$ 26,000	\$ 3,832	\$ 4,500	\$ 18,078	\$ 22,604	\$ 193,728
-	-	-	-	-	-	81,673
<u>26,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,673</u>
<u>26,000</u>	<u>26,000</u>	<u>3,832</u>	<u>4,500</u>	<u>18,078</u>	<u>22,604</u>	<u>295,749</u>
-	-	7,084	-	-	-	224,173
-	-	1,330	-	-	-	28,600
-	-	454	-	-	-	28,934
-	-	108	-	-	-	44,435
-	-	64	-	-	-	18,698
-	-	-	-	-	-	7,635
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,334</u>	<u>-</u>	<u>28,740</u>
<u>-</u>	<u>-</u>	<u>9,826</u>	<u>-</u>	<u>27,334</u>	<u>-</u>	<u>458,619</u>
<u>26,000</u>	<u>26,000</u>	<u>13,900</u>	<u>4,500</u>	<u>18,374</u>	<u>22,604</u>	<u>1,005,811</u>
-	-	3,984	-	8,736	-	318,889
<u>995,881</u>	<u>694,763</u>	<u>-</u>	<u>14,580</u>	<u>-</u>	<u>621,880</u>	<u>1,127,518</u>
<u>995,881</u>	<u>694,763</u>	<u>3,984</u>	<u>14,580</u>	<u>8,736</u>	<u>621,880</u>	<u>88,441</u>
14,984	(8,176)	-	-	-	-	(17,404)
<u>9,121</u>	<u>18,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,512</u>
<u>\$ 3,532</u>	<u>\$ 3,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SE. MARY COUNCIL-ON AGING, INC.

Statement of Expenditures - Budget (GAAP Basis) and Actual -
All Special Revenue Funds
Year Ended June 30, 1998

	Budgeted	Actual	Variance - Favorable (Unfavorable)
Table III.C.1			
Salaries	\$ 134,100	\$ 152,294	\$ 18,194
Fringe	15,899	15,842	(57)
Travel	2,871	2,849	(22)
Operating services	26,421	25,782	(639)
Operating supplies	12,599	12,555	(44)
Other costs	9,880	8,362	(1,518)
	<u>\$ 232,770</u>	<u>\$ 218,784</u>	<u>\$ 13,986</u>
Table III.C.1			
Salaries	\$ 18,688	\$ 18,799	\$ 111
Fringe	1,821	1,888	667
Travel	182	172	(10)
Operating services	2,081	2,049	(32)
Operating supplies	499	542	43
Other costs	-----	322	322
	<u>\$ 23,273</u>	<u>\$ 23,832</u>	<u>\$ 559</u>
Table III.C.2			
Salaries	\$ 71,432	\$ 71,499	\$ 67
Fringe	6,699	6,681	(18)
Travel	14,199	15,159	960
Operating services	7,882	7,936	54
Operating supplies	1,286	1,518	232
Other costs	-----	342	342
	<u>\$ 112,679</u>	<u>\$ 113,335</u>	<u>\$ 656</u>
Table III.C.3			
Salaries	\$ 441	\$ 609	\$ 168
Fringe	50	88	38
Travel	2,291	2,115	(176)
Operating services	142	199	57
Operating supplies	20	15	(5)
Other costs	-----	-----	-----
	<u>\$ 2,944</u>	<u>\$ 2,026</u>	<u>\$ 918</u>

(Continued)

ST. MARYS COUNCIL ON AGING, INC

Statement of Expenditures - Budget (GAAP Basis) and Actual -
 All Special Revenue Funds (Continued)
 Year Ended June 30, 1998

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Entire Fund			
Capital outlay	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ _____</u>
Disbursements			
Salaries	\$ 1,001	\$ 2,688	\$ 1,687
Fringe	1,188	1,180	(8)
Travel	501	488	(13)
Operating services	488	500	(12)
Operating supplies	88	88	-
Office costs	_____	_____	_____
Capital outlay	<u>\$ 3,000</u>	<u>\$ 3,884</u>	<u>\$ _____(88)</u>
ETA Fund			
Capital outlay	<u>\$ 21,000</u>	<u>\$ 20,750</u>	<u>\$ _____</u>

INTERNAL CONTROL AND COMPLIANCE



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Independent Auditor's Report on Compliance and an Internal Control over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in accordance with Government Auditing Standards

The Board of Directors
St. Mary Council on Aging, Inc.
Franklin, Louisiana

We have audited the general purpose financial statements of the St. Mary Council on Aging, Inc., as of and for the year ended June 30, 1998, and have issued our report thereon dated September 29, 1998. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the St. Mary Council on Aging, Inc.'s general purpose financial statements are free of material misstatement, we 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 general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards. The nature of noncompliance is described in the accompanying schedule of findings and questioned costs as item 98-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Council on Aging, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted two matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the St. Mary Council on Aging, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs in items 98-1 and 98-3.

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 to the general purpose financial statements being audited may occur and not be detected.

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within a timely period by employees, in the normal course of performing their assigned functions. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable conditions described above in 98-1 and 98-2 to be material weaknesses.

This report is intended for the information of the board of directors and management. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 25, 1998

OTHER SUPPLEMENTARY INFORMATION

ST. MARY COUNCIL ON AGING, INC.

Schedule of Changes in General Fixed Assets
Year Ended June 30, 1998

	Balance June 30, 1997	Additions	Deductions	Balance June 30, 1998
General fixed assets, at cost				
Furniture & Fixtures	\$ 36,261	\$ 4,052	\$ 436	\$ 39,877
Vehicles	<u>60,827</u>	<u>21,251</u>	<u>29,872</u>	<u>52,206</u>
Total general fixed assets	<u>\$ 97,088</u>	<u>\$ 25,303</u>	<u>\$ 30,308</u>	<u>\$ 92,083</u>
Investments in general fixed assets:				
Title III B	\$ 1,480	-	-	\$ 1,480
Title III C-1/2/3	1,676	-	-	1,676
Title III F	6,930	3,488	-	10,418
Senior Center	8,830	-	417	8,413
PCSA	604	-	-	604
Local and other	<u>78,111</u>	<u>21,888</u>	<u>29,872</u>	<u>70,127</u>
Total investments in general fixed assets	<u>\$ 96,131</u>	<u>\$ 21,288</u>	<u>\$ 29,289</u>	<u>\$ 88,130</u>

ST. MARY COLLEGE OF AGRICULTURE, INC.

Schedule of Disbursements to Board Members
Year Ended June 30, 1998

The Board of Directors is a voluntary board, therefore, no compensation has been paid to any member.

ST. MARY COUNCIL ON AGING, INC.

Summary Schedule of Prior Year Findings
Year Ended June 30, 1998

98-1 Finding: Inadequate Segregation of Accounting Functions

Notes: This finding is unresolved. See current year finding 98-1.

ST. MARY COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 1998

Part I: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report—Financial Statements

An unqualified opinion has been issued on St. Mary Council on Aging, Inc.'s financial statements as of and for the year ended June 30, 1998.

Reportable Conditions—Financial Statements

Two reportable conditions in internal control over financial reporting were disclosed during the audit of the financial statements and are shown as items 98-1 and 98-2 in Part 2 and are considered material weaknesses.

Material Noncompliance—Financial Reporting

There was one material instance of noncompliance noted during the audit of the financial statements. This instance is shown as item 98-3 in Part 2.

FEDERAL AWARDS

This section is not applicable for the fiscal year-ended June 30, 1998.

Part 2: Findings Relating to an Audit in Accordance with Governmental Auditing Standards

98-1 *Inadequate Organization of Accounting Functions*

Finding:

Due to the small number of accounting personnel, the Council did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

98-2 *Concentration of Credit Risk*

Finding:

The Council has funds on deposit with a financial institution in excess of the federally insured limit and the financial institution has not pledged adequate securities to properly secure the deposits.

Recommendation:

The Council should require the financial institution to pledge securities from its investment portfolio in amount sufficient to secure council deposits in excess of the federal deposit insurance limit.

ST. MARY COUNCIL ON ADMIN., INC.

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 1998

98-0 Violation of I.A.R.S. 28.125

Finding:

The Council did not have the financial institution pledge securities from its investment portfolio to secure funds on deposit in excess of federal deposit insurance limits.

Recommendation:

The Council should require the financial institution to pledge securities in an amount sufficient to secure Council funds on deposit.

Part 3: Findings and Questioned Costs Relating to Federal Programs

As Item 98, 1998, the St. Mary Council on Admin., Inc. did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

ST. MARY COUNCIL ON AGING, INC.

**Management's Corrective Action Plan For Current Year Findings
Year Ended June 30, 1998**

Response to Finding 98-1:

No response is considered necessary.

Response to Finding 98-2:

The Council will contact the financial institution and request that securities be pledged to secure Council funds re-deposit.

Response to Finding 98-3:

The Council will contact the financial institution and request that securities be pledged to secure Council funds re-deposit.