

RECEIVED

JAN 04 1999
LEGISLATIVE COUNCIL

98902613
1082

OFFICIAL
FILE COPY
DO NOT SEND OUT
Xerox necessary.
Copies from this
copy and PLACE
BACK in FILE

ACADIA COUNCIL ON AGING, INC.

Financial Report

Year Ended June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 ~~JAN 04 1999~~ FEB 24 1999

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
 GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined balance sheet - all fund types and account groups	4
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	5
Combined statement of revenues, expenditures, and changes in fund balances - budget (GAAP Basis) and actual - budgeted special revenue funds	6
Notes to financial statements	7-22
 SUPPLEMENTARY INFORMATION	
 SCHEDULES OF INDIVIDUAL FUNDS	
Statement of program revenues, expenditures, and changes in fund balance - general fund	25
Combining schedule of revenues, expenditures, and changes in fund balances - all special revenue funds	26-28
<i>Statement of expenditures - budget (GAAP Basis) and actual - budgeted special revenue funds</i>	29-30
 INTERNAL CONTROL, COMPLIANCE AND OTHER GRANT INFORMATION	
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	32-33
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	34-35
Schedule of Expenditures of Federal Awards	36
Summary Schedule of Prior Year Findings	37
Schedule of Findings and Questioned Costs	38-42
Management's Corrective Action Plan for Current Year Findings	43-44
 OTHER SUPPLEMENTARY INFORMATION	
Schedule of Changes in General Fixed Assets	46
Schedule of Disbursements to Board Members	47



Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Independent Auditor's Report

Eugene H. Darnall, CPA, Retired 1990

E. Larry Sikes, CPA, CVA
Danny P. Frederick, CPA
Clayton F. Darnall, CPA
Eugene H. Darnall, III, CPA
Paula D. Ribm, CPA
Stephanie M. Higginbotham, CPA

Lloyd L. Doré, Jr., CPA

Kathleen E. Darnall, CPA
Jewillet S. Ziegler, CPA
Stephen R. Dischler, MBA, CPA
Chris A. Miller, CPA
Alan M. Taylor, CPA
Christine A. Raspberry, CPA
John P. Annato, CPA
Steven G. Moosa, CPA
Erich G. Loewer, Jr., CPA
Tamara T. Landry, CPA
Erich G. Loewer, III, CPA
Kelley D. Hawkins, CPA
Carla R. Fontenot, CPA

Offices:

125 Rue Beauregard
Lafayette, LA 70508
318.232.3312

1231 E. Laurel Avenue
Lunice, LA 70535
318.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
504.384.6264

404 Pere Meuret
Abbeville, LA 70510
318.893.5470

The Board of Directors
Acadia Council on Aging, Inc.
Crowley, Louisiana

We were engaged to audit the accompanying general purpose financial statements of the Acadia Council on Aging, Inc., as of and for the year ended June 30, 1998. These general purpose financial statements are the responsibility of the Council's management.

dsfcpas.com

Detailed records have not been maintained relating to accounts payable and supporting data regarding the allocation of expenses were not available for our audit. Therefore, we were not able to satisfy ourselves regarding the proper allocation of expenses or the accuracy of accounts payable in the accompanying general purpose financial statements as of and for the year ended June 30, 1998.

Because of the significance of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the general purpose financial statements referred to in the first paragraph.

The accompanying general purpose financial statements have been prepared assuming that the Council will continue as a going concern. Due to prior and current year findings in the federal and state programs, grant revenues may be reduced significantly. This condition raises substantial doubt about its ability to continue as a going concern at June 30, 1998. The general purpose financial statements do not include any adjustment that might result from the outcome of this uncertainty.

As discussed in Note 10 to the general purpose financial statements, the Council is subject to a final review by the grantor agency for each of the federal and state grant programs. Due to prior and current year findings, the grantor agencies may request reimbursement of program funds received by the Council. The ultimate outcome of which cannot presently be determined. Accordingly, no provision for any liability that may result has been made in the general purpose financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 1998 on our consideration of the Acadia Council on Aging, Inc.'s internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

Member of:

American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and 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. As previously stated, the scope of our work was not sufficient to enable us to express an opinion, and we do not express, an opinion on the supplemental information.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

December 4, 1998

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

ACADIA COUNCIL ON AGING, INC.

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1998

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	General	General	
			Fixed Assets	Long-term Debt	
ASSETS					
Cash	\$ 3,549	\$ 3,750	\$ -	\$ -	\$ 7,299
Restricted cash	7,511	-	-	-	7,511
Investments	9,170	-	-	-	9,170
Due from other funds	181,671	184,668	-	-	366,339
Accounts receivable	60,781	-	-	-	60,781
Fixed assets	-	-	777,688	-	777,688
Amount to be provided for retirement of general long-term debt	-	-	-	399,863	399,863
Total assets	\$ 262,682	\$ 188,418	\$ 777,688	\$ 399,863	\$ 1,628,651
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 62,686	\$ -	\$ -	\$ -	\$ 62,686
Due to other funds	184,668	181,671	-	-	366,339
Accrued payroll and related benefits payable	4,870	-	-	-	4,870
Long-term debt -					
Notes payable	-	-	-	387,353	387,353
Accumulated unpaid vacation	-	-	-	12,510	12,510
Total liabilities	252,224	181,671	-	399,863	833,758
Fund Equity:					
Investment in fixed assets	-	-	777,688	-	777,688
Fund balances -					
Unreserved - undesignated	2,947	3,726	-	-	6,673
Reserved for future expenditures	7,511	-	-	-	7,511
Reserved for payment of utility bills	-	3,021	-	-	3,021
Total fund balances	10,458	6,747	-	-	17,205
Total fund equity	10,458	6,747	777,688	-	794,893
Total liabilities and fund equity	\$ 262,682	\$ 188,418	\$ 777,688	\$ 399,863	\$ 1,628,651

The accompanying notes are an integral part of this statement.

ACADIA COUNCIL ON AGING, INC.

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

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Intergovernmental	\$ 11,779	\$ 589,189	\$ 600,968
Program	-	56,565	56,565
Local and miscellaneous	<u>209,616</u>	<u>30,255</u>	<u>239,871</u>
Total revenues	<u>221,395</u>	<u>676,009</u>	<u>897,404</u>
Expenditures:			
Current -			
Salaries	9,382	416,300	425,682
Fringe	2,978	40,592	43,570
Travel	2,062	36,785	38,847
Operating services	929	249,618	250,547
Operating supplies	-	23,004	23,004
Other costs	126,453	16	126,469
Capital outlay	-	123,438	123,438
Debt service -			
Principal	25,800	-	25,800
Interest	<u>21,961</u>	<u>-</u>	<u>21,961</u>
Total expenditures	<u>189,565</u>	<u>889,753</u>	<u>1,079,318</u>
Excess (deficiency) of revenues over expenditures	<u>31,830</u>	<u>(213,744)</u>	<u>(181,914)</u>
Other financing sources (uses):			
Loan proceeds	-	65,832	65,832
Operating transfers in	49,999	298,691	348,690
Operating transfers out	<u>(85,977)</u>	<u>(262,713)</u>	<u>(348,690)</u>
Total other financing sources (uses)	<u>(35,978)</u>	<u>101,810</u>	<u>65,832</u>
Deficiency of revenues and other sources over expenditures and other uses	(4,148)	(111,934)	(116,082)
Fund balances, beginning of year	<u>14,606</u>	<u>118,681</u>	<u>133,287</u>
Fund balances, end of year	<u>\$ 10,458</u>	<u>\$ 6,747</u>	<u>\$ 17,205</u>

The accompanying notes are an integral part of this statement.

ACADIA COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual -
Budgeted Special Revenue Funds
Year Ended June 30, 1998

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 262,788	\$ 262,788	\$ -
Program	63,825	56,565	(7,260)
Local and miscellaneous	-	1,229	1,229
Total revenues	<u>326,613</u>	<u>320,582</u>	<u>(6,031)</u>
Expenditures:			
Current -			
Salaries	243,056	237,474	5,582
Fringe	21,659	26,280	(4,621)
Travel	25,511	32,158	(6,647)
Operating services	96,260	77,110	19,150
Operating supplies	27,799	19,351	8,448
Other costs	2,721	16	2,705
Capital outlay	-	4,098	(4,098)
Total expenditures	<u>417,006</u>	<u>396,487</u>	<u>20,519</u>
Deficiency of revenues over expenditures	<u>(90,393)</u>	<u>(75,905)</u>	<u>14,488</u>
Other financing sources (uses):			
Operating transfers in	130,821	129,547	(1,274)
Operating transfers out	<u>(40,428)</u>	<u>(38,717)</u>	<u>1,711</u>
Total other financing sources (uses)	<u>90,393</u>	<u>90,830</u>	<u>437</u>
Excess of revenues and other sources over expenditures and other uses	-	14,925	14,925
Fund balances, beginning of year	<u>13,930</u>	<u>13,930</u>	<u>-</u>
Fund balances, end of year	<u>\$ 13,930</u>	<u>\$ 28,855</u>	<u>\$ 14,925</u>

The accompanying notes are an integral part of this statement.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Act 456 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, discount services, material aid, outreach, operating senior centers, and transportation. A Board of Directors, consisting of 12 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 Acadia 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. Presentation 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.

These statements have also incorporated any applicable requirements set forth by Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; Subsection VI - Annual Financial Reporting, accounting manual for Governor's Office of Elderly Affairs contractors; and, the Louisiana Governmental Audit Guide.

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.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 means by which spending activities are controlled. 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.

The following programs comprise the Council's General Fund:

Local

Revenues, such as, (1) donations from the general public, (2) income from various fundraisers, 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 as "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 those programs. In addition, fixed asset additions are generally paid with "other local" funds.

BINGO

This fund is used to account for the Council's charitable games activities.

PCOA (Act 735)

PCOA (Act 735) funds are appropriated for the Governor's Office of Elderly Affairs by the Louisiana Legislature for remittance to the Council on Aging. The Council may use the "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years old.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified 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 to the elderly in strategically located centers. During the fiscal year July 1, 1997 to June 30, 1998, the Council served about 10,575 congregate meals.

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 45,205 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.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 equipment), (2) home injury control, (3) medication management, (4) mental health, and (5) nutrition (assessment/screening, counseling, and education). The law directs the state agency administering this program to "give priority to areas of the state which are medically underserved and in which there are a large number of older individuals who have the greatest economic and social need." Title III-F funds are provided by the U.S. Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

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 Acadia Parish, Louisiana.

Title III-B - Ombudsman Fund

The Ombudsman Fund is used to account for funds used to provide people age 60 and older residing in long-term care facilities a representative to ensure that such residents' rights are upheld, to resolve complaints by residents with the management of the long-term care facility, and to promote quality care at the facility. Ombudsman funds are 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.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FEMA Fund

The FEMA Fund is used to account for the administration of a Disaster Assistance Program whose purpose 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 Federal Emergency Management Agency through the United Way of Acadiana which in turn "passes through" the funds to the Council.

Energy Fund

The Energy Fund is used to account for the administration of programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the Louisiana Association of Councils on Aging, Inc. (LACOA) which in turn remits funds relating to Acadia Parish to the Council so that it can provide assistance to the elderly for the payment of their utility bills.

Project Care

The Project Care Fund is used to account for the administration of programs that are sponsored by Entergy, a local utility company. The Company collects contributions from service customers and remits the funds to the Cajun Area Agency on Aging, Inc., which in turn remits funds relating to the Council so it can provide assistance to the elderly for the payment of their utility bills.

Bookkeeping Fund

This fund reports the activity of a bookkeeping service operating by the Council.

Section 5311

Section 5311 funds are provided by the United States Department of Transportation through the Louisiana Department of Transportation and Development. Funds received by the Council are based on actual operating costs of providing transportation services to rural residents within the parish. Because money received under this program is for reimbursement of costs previously incurred, the Council can use these funds for discretionary purposes.

Project Independence

The Project Independence Fund is used to account for revenue received from the Department of Social Services to provide transportation to the underprivileged individuals of the parish.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title XIX

This program is used to account for funds which are used to provide personal care attendant services that will meet the needs of those diverted or deinstitutionalized beneficiaries whose disabilities preclude the acquisition of certain independent living skills related to the activities of daily living.

Transportation Fund

The Transportation Fund is used to account for the administration of the Council's transportation program for residents of the parish.

Account Groups

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

General Fixed Assets

The fixed assets (capital outlays) used in governmental fund type operations of the Acadia 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 resources to pay them and no legal mandate 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.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental funds are maintained on the modified accrual basis of accounting wherein 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.

E. Transfers and Interfund Loans

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

F. 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 those 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 from the Council's normal fiscal year, and therefore, have a specified date where 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.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Council may transfer funds between line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As a part of this grant award, GOEA requires the Council to amend its budget in cases 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 unauthorized 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 or activity it conducts. Accordingly, the General Fund and some Special Revenue Funds activities are not budgeted, particularly if they are deemed to be immaterial by management.

G. Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview are captioned "Memorandum 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. Interfund eliminations have not been made in the aggregation of this data.

H. Fixed Assets

Assets which cost at least \$250 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. Donated fixed assets are stated at their estimated fair market value on the date donated. No depreciation has been provided on general fixed assets.

I. Compensated Absences

The Council's policy allows full time employees to carryforward 15 days of unused annual leave and 15 days of unused sick leave beyond the fiscal year-end. An employee may be paid for 15 days of unused annual leave and no days of unused sick leave upon separation. The liability for accumulated annual leave has been recorded in the General Long-Term Debt Account Group.

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.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Reservation and Designations of Fund Balances

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

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

M. Use of Estimates

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

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

Intergovernmental

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

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-B, 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 raisers 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 revenue 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 administration 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 overdrawn \$2,238.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

Under state law, the Council may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Council may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 1998, the Council has cash and interest bearing deposits (book balances) totaling \$14,810 as follows:

Demand deposits	\$ 4,122
Money Market accounts	<u>10,688</u>
Total	<u>\$ 14,810</u>

Deposit balances (bank balances) at June 30, 1998, totaled \$39,093 and are fully secured by federal depository insurance. GASB Statement 3 categorizes the credit risk of these deposits as Category 1 because they are fully insured.

NOTE 4 INVESTMENTS

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

1. United States Treasury Bonds,
2. United States Treasury Notes,
3. United States Treasury Bills,
4. Obligations of U.S. Government Agencies, including such instruments as Federal Home Loan Bank bonds, Government National Mortgage Association bonds, or a variety of "Federal Farm Credit" bonds,
5. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana,
6. Fully collateralized repurchase agreements,
7. Fully collateralized interest-bearing checking accounts, and
8. Mutual or Trust Fund institutions which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States Government or its agencies.

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

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

<u>Type of Investment</u>	<u>Amount</u>	<u>Interest Rate</u>
Certificate of Deposits:		
Bank of Commerce and Trust Co.	\$ 7,170	5.05%-5.45%
Church Point Bank & Trust Co.	1,000	4.50%
The Evangeline Bank & Trust Co.	<u>1,000</u>	5.65%
	<u>\$ 9,170</u>	

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

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 4 INVESTMENTS (CONTINUED)

The investments have been recorded at cost, which approximates market value. The market value of the investments do not fluctuate.

NOTE 5 CHANGES IN GENERAL FIXED ASSETS

	June 30, 1997	Additions	Retirements	June 30, 1998
General Fixed assets, at cost				
Vehicles	\$ 185,060	\$ 127,716	\$ 2,500	\$ 310,276
Equipment	60,987	8,398	700	68,685
Property and improvements	<u>398,727</u>	<u>-</u>	<u>-</u>	<u>398,727</u>
Total general fixed assets	<u>\$ 644,774</u>	<u>\$ 136,114</u>	<u>\$ 3,200</u>	<u>\$ 777,688</u>

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-town 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 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.

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 account group.

	Balance June 30, 1997	Principal		Balance June 30, 1998
		Additions	Deletions	
Notes payable	\$ 347,322	\$ 65,831	\$ 25,800	\$ 387,353
Accrued annual leave	<u>11,334</u>	<u>12,510</u>	<u>11,334</u>	<u>12,510</u>
	<u>\$ 358,656</u>	<u>\$ 78,341</u>	<u>\$ 37,134</u>	<u>\$ 399,863</u>

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

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 8 CHANGES IN LONG-TERM DEBT (CONTINUED)

	<u>Unpaid Principal</u>
Note payable Rural Development, original amount of \$344,000, payable in 360 monthly installments of \$1,848, including interest at 5% per annum, secured by the office building	\$ 322,137
Capital lease payable Sanwa Leasing Corporation, original amount of \$11,025, payable in 34 monthly installments of \$319, including interest at 12.5% per annum, with a security deposit of \$664 and a down payment of \$1,251, secured by equipment	5,477
Note payable Ford Motor Credit, original amount of \$65,832, payable in 36 monthly installments of \$2,116, including interest at 10% per annum, secured by vehicles	55,739
Note payable Bank of Commerce, original amount of \$4,000, due April 21, 1999, plus accrued interest at 7.05% per annum, secured by certificate of deposit	4,000
Accrued annual leave is expected to be paid during fiscal year ended June 30, 1999	<u>12,510</u>
	<u>\$ 399,863</u>

The annual requirements to amortize all debt outstanding at June 30, 1998, including interest payments of \$260,082, are as follows:

<u>Year Ending June 30,</u>	
1999	\$ 68,187
2000	49,798
2001	34,870
2002	22,176
2003	22,176
2004 and thereafter	<u>462,738</u>
	<u>\$ 659,945</u>

NOTE 9 JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

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

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 10 CONTINGENCIES - FEDERAL AWARD PROGRAMS

The Council receives revenues from various Federal and State grant programs which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the agency and the Council. The grantor agency for the Section 5311 program conducted a final review of the contract for the fiscal year ended June 30, 1997 and questioned approximately \$75,000 of the cost submitted by the Council for reimbursement. The Council may be required to return the funds received relating to the questioned costs if the Council is unable to provide adequate documentation.

NOTE 11 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 12 RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; thefts 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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 181,671	\$ 184,668
Special Revenue Funds:		
Title III-B	17,323	-
Title III-C-1	314	-
Title III-C-2	432	-
Title III-D	4	-
Title III-F	-	3,709
Bookkeeping	-	8,799
Senior Center	14,450	-
Ombudsman	42	-
Transportation	-	169,055
Energy	390	-
Project Care	2,631	-
Section 5311	29,369	-
FEMA	-	108
Project Independence	75,100	-
Title XIX	<u>44,613</u>	<u>-</u>
	<u>\$ 366,339</u>	<u>\$ 366,339</u>

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 14 INTERFUND TRANSFERS

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

	Funds transferring out:				
	General	Senior Center	PCOA Act 735	Local	Section 5311
Funds transferring in:					
Title III-B	\$ 8,147	\$ 23,534	\$ 5,000	\$ -	\$ -
Title III-C-1	-	4,343	-	-	-
Title III-C-2	-	4,130	-	-	-
Title III-D	-	2,186	-	-	-
Title III-F	-	24	-	-	-
Ombudsman	-	-	6,779	-	-
General	-	-	-	6,825	-
Transportation	-	-	-	-	102,986
	<u>\$ 8,147</u>	<u>\$ 34,217</u>	<u>\$ 11,779</u>	<u>\$ 6,825</u>	<u>\$ 102,986</u>

	Fund transferring out:				
	Bingo	Project Independence	Miscellaneous Grant	Title XIX	Total
Funds transferring in:					
Title III-B	\$ -	\$ 62,400	\$ 2,038	\$ 8,504	\$ 109,623
Title III-C-1	-	-	-	-	4,343
Title III-C-2	-	-	-	-	4,130
Title III-D	-	-	-	-	2,186
Title III-F	-	-	-	-	24
Ombudsman	-	-	2,462	-	9,241
General	3,000	-	-	-	9,825
Transportation	16,052	37,500	-	12,606	169,144
Local	<u>40,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,174</u>
	<u>\$ 59,226</u>	<u>\$ 99,900</u>	<u>\$ 4,500</u>	<u>\$ 21,110</u>	<u>\$ 348,690</u>

NOTE 15 RESERVED FUND 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. These funds are accounted for in the Energy Fund and Project Care Fund (Special Revenue Funds). 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:

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 15 RESERVED FUND BALANCE (CONTINUED)

	Balance July 1, 1997	Revenue July 1, 1997 - June 30, 1998	Disbursements July 1, 1997 - June 30, 1998	Balance June 30, 1998
Entergy (Project Care)	\$ 2,581	\$ 2,088	\$ 2,038	\$ 2,631
Central LA. Electric Co. (Energy Fund)	<u>207</u>	<u>547</u>	<u>364</u>	<u>390</u>
	<u>\$ 2,788</u>	<u>\$ 2,635</u>	<u>\$ 2,402</u>	<u>\$ 3,021</u>

NOTE 16 EXCESS EXPENDITURES OVER APPROPRIATIONS

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

Title III-D	<u>\$ 861</u>
Title III-F	<u>\$ 3,733</u>
Senior Center	<u>\$ 1,191</u>
Title III-B Ombudsman	<u>\$ 3,359</u>

NOTE 17 PROGRAM YEAR-ENDS

All of the operating programs have a June 30 year-end, coinciding with the fiscal year of the Council, except for the FEMA Program which is not funded through the Area Agency, and has a September 30 year-end. These statements reflect twelve months' activity for the above program for the year ended June 30, 1998.

NOTE 18 BUDGET PRESENTATION

Budgets are not presented for the General, FEMA, Energy, Project Care, Bookkeeping, Section 5311, Project Independence, Title XIX and Transportation Funds, because budgets were not adopted for these funds.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 18 BUDGET PRESENTATION (CONTINUED)

The following is a schedule reconciling all special revenue funds to special revenue funds in which budgets were adopted:

	Budgeted Special Revenue Funds	Special Revenue Funds not Budgeted	All Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 320,582	\$ 355,427	\$ 676,009
Total expenditures	<u>396,487</u>	<u>493,266</u>	<u>889,753</u>
Total other financing sources (uses)	<u>90,830</u>	<u>10,980</u>	<u>101,810</u>
Deficiency of revenues and other sources over expenditures and other uses	14,925	(126,859)	(111,934)
Fund balances			
Beginning of year	<u>13,930</u>	<u>104,751</u>	<u>118,681</u>
End of year	<u>\$ 28,855</u>	<u>\$ (22,108)</u>	<u>\$ 6,747</u>

NOTE 19 FUND DEFICITS

In the current year, Bookkeeping, Transportation and Title III-F (Special Revenue Funds) have fund deficits. These deficits will be eliminated in future years through increased funding from the general fund.

NOTE 20 UNRELATED BUSINESS INCOME

The Council operates an activity which was determined for the year ended June 30, 1998, to be an activity "unrelated to the Council's tax exempt purpose" as that term is used in IRS regulations. The income of that activity (Bookkeeping Fund, a Special Revenue Fund) is, therefore, considered to be "unrelated business income" and is subject to federal taxes. The expenses reported in these financial statements comply with the accounting prescribed by the Governor's Office of Elderly Affairs.

The Form 990T required by the IRS requires different accounting treatment, specifically with respect to "capital outlay expenditures" which for tax reporting must be capitalized and depreciated rather than totally expensed. The Council did not incur capital outlay expense in this reporting year.

SUPPLEMENTAL INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

SCHEDULES OF INDIVIDUAL FUNDS

ACADIA COUNCIL ON AGING, INC.

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

	General	Local	Bingo	PCOA Act 735	Total
Local and miscellaneous:					
Interest	\$ 794	\$ 287	\$ 278	\$ -	\$ 1,359
Rental income	38,701	-	-	-	38,701
Donations	-	694	-	-	694
Cajun Dome concessions	-	9,842	-	-	9,842
Lottery ticket sales	104	-	-	-	104
Miscellaneous	-	2,883	-	-	2,883
Bingo revenue	-	35	151,806	-	151,841
Miles for meals	-	4,192	-	-	4,192
Intergovernmental	-	-	-	11,779	11,779
Total revenues	<u>39,599</u>	<u>17,933</u>	<u>152,084</u>	<u>11,779</u>	<u>221,395</u>
Expenditures:					
Current -					
Salaries	-	9,382	-	-	9,382
Fringe	-	2,978	-	-	2,978
Travel	-	2,062	-	-	2,062
Operating services	-	929	-	-	929
Other	-	11,948	-	-	11,948
Charitable games -					
Salaries	-	-	242	-	242
Contract labor	-	-	4,625	-	4,625
Winnings paid	-	-	64,652	-	64,652
Rent	-	-	22,226	-	22,226
Supplies	-	-	16,187	-	16,187
Other	-	-	6,573	-	6,573
Debt service -					
Principal	25,800	-	-	-	25,800
Interest	<u>21,252</u>	<u>709</u>	-	-	<u>21,961</u>
Total expenditures	<u>47,052</u>	<u>28,008</u>	<u>114,505</u>	-	<u>189,565</u>
Excess (deficiency) of revenues over expenditures	<u>(7,453)</u>	<u>(10,075)</u>	<u>37,579</u>	<u>11,779</u>	<u>31,830</u>
Other financing uses:					
Operating transfers in	9,825	40,174	-	-	49,999
Operating transfers out	<u>(8,147)</u>	<u>(6,825)</u>	<u>(59,226)</u>	<u>(11,779)</u>	<u>(85,977)</u>
Total other financing sources (uses)	<u>1,678</u>	<u>33,349</u>	<u>(59,226)</u>	<u>(11,779)</u>	<u>(35,978)</u>
Excess (deficiency) of revenues over expenditures and other uses	(5,775)	23,274	(21,647)	-	(4,148)
Fund balance, beginning of year	<u>(105,360)</u>	<u>78,048</u>	<u>41,918</u>	-	<u>14,606</u>
Fund balance, end of year	<u>\$ (111,135)</u>	<u>\$ 101,322</u>	<u>\$ 20,271</u>	<u>\$ -</u>	<u>\$ 10,458</u>

THIS PAGE INTENTIONALLY LEFT BLANK

ACADIA COUNCIL ON AGING, INC.

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

	Title III-B	Title III-C-1	Title III-C-2	Title III-D	Title III-F
Revenues:					
Intergovernmental	\$ 77,775	\$ 47,398	\$ 77,487	\$ 3,378	\$ 4,142
Program	27,973	6,776	21,816	-	-
Local and miscellaneous	<u>1,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>106,977</u>	<u>54,174</u>	<u>99,303</u>	<u>3,378</u>	<u>4,142</u>
Expenditures:					
Current -					
Salaries	121,113	36,052	57,861	5,011	3,393
Fringe	13,183	4,547	7,318	108	203
Travel	10,199	2,582	17,115	15	394
Operating services	42,925	11,609	16,970	392	480
Operating supplies	10,074	2,815	3,085	19	2,405
Other costs	16	-	-	-	-
Capital outlay	<u>1,767</u>	<u>599</u>	<u>652</u>	<u>15</u>	<u>1,000</u>
Total expenditures	<u>199,277</u>	<u>58,204</u>	<u>103,001</u>	<u>5,560</u>	<u>7,875</u>
Excess (deficiency) of revenues over expenditures	<u>(92,300)</u>	<u>(4,030)</u>	<u>(3,698)</u>	<u>(2,182)</u>	<u>(3,733)</u>
Other financing sources (uses):					
Loan proceeds	-	-	-	-	-
Operating transfers in	109,623	4,343	4,130	2,186	24
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>109,623</u>	<u>4,343</u>	<u>4,130</u>	<u>2,186</u>	<u>24</u>
Excess of revenues and other sources over expenditures and other uses	17,323	313	432	4	(3,709)
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 17,323</u>	<u>\$ 313</u>	<u>\$ 432</u>	<u>\$ 4</u>	<u>\$ (3,709)</u>

Senior Center	Ombudsman	Miscellaneous Grant	FEMA	Energy	Project Care	Bookkeeping	Section 5311
\$ 41,366	\$ 6,742	\$ 4,500	\$ 17,544	\$ -	\$ -	\$ -	\$ 57,250
-	-	-	-	-	-	-	-
-	-	-	-	547	2,088	26,391	-
<u>41,366</u>	<u>6,742</u>	<u>4,500</u>	<u>17,544</u>	<u>547</u>	<u>2,088</u>	<u>26,391</u>	<u>57,250</u>
2,813	11,231	-	-	-	-	28,567	-
-	921	-	-	-	-	2,138	-
-	1,853	-	-	-	-	553	-
3,168	1,566	-	16,642	364	2,038	1,196	-
648	305	-	-	-	-	280	-
-	-	-	-	-	-	-	-
-	65	-	-	-	-	-	-
<u>6,629</u>	<u>15,941</u>	<u>-</u>	<u>16,642</u>	<u>364</u>	<u>2,038</u>	<u>32,734</u>	<u>-</u>
<u>34,737</u>	<u>(9,199)</u>	<u>4,500</u>	<u>902</u>	<u>183</u>	<u>50</u>	<u>(6,343)</u>	<u>57,250</u>
-	-	-	-	-	-	-	-
-	9,241	-	-	-	-	-	-
<u>(34,217)</u>	<u>-</u>	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,986)</u>
<u>(34,217)</u>	<u>9,241</u>	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,986)</u>
520	42	-	902	183	50	(6,343)	(45,736)
<u>13,930</u>	<u>-</u>	<u>-</u>	<u>2,742</u>	<u>207</u>	<u>2,581</u>	<u>(2,456)</u>	<u>75,105</u>
<u>\$ 14,450</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 3,644</u>	<u>\$ 390</u>	<u>\$ 2,631</u>	<u>\$ (8,799)</u>	<u>\$ 29,369</u>

(Continued)

ACADIA COUNCIL ON AGING, INC.

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

	Project Independence	Title XIX	Transportation	Total
Revenues:				
Intergovernmental	\$ 150,000	\$ 64,151	\$ 37,456	\$ 589,189
Program	-	-	-	56,565
Local and miscellaneous	-	-	-	30,255
Total revenues	<u>150,000</u>	<u>64,151</u>	<u>37,456</u>	<u>676,009</u>
Expenditures:				
Current -				
Salaries	-	-	150,259	416,300
Fringe	-	-	12,174	40,592
Travel	-	-	4,074	36,785
Operating services	-	-	152,268	249,618
Operating supplies	-	-	3,373	23,004
Other costs	-	-	-	16
Capital outlay	-	-	<u>119,340</u>	<u>123,438</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>441,488</u>	<u>889,753</u>
Excess (deficiency) of revenues over expenditures	<u>150,000</u>	<u>64,151</u>	<u>(404,032)</u>	<u>(213,744)</u>
Other financing sources (uses):				
Loan proceeds	-	-	65,832	65,832
Operating transfers in	-	-	169,144	298,691
Operating transfers out	<u>(99,900)</u>	<u>(21,110)</u>	<u>-</u>	<u>(262,713)</u>
Total other financing sources (uses)	<u>(99,900)</u>	<u>(21,110)</u>	<u>234,976</u>	<u>101,810</u>
Excess of revenues and other sources over expenditures and other uses	50,100	43,041	(169,056)	(111,934)
Fund balances, beginning of year	<u>25,000</u>	<u>1,572</u>	<u>-</u>	<u>118,681</u>
Fund balances, end of year	<u>\$ 75,100</u>	<u>\$ 44,613</u>	<u>\$ (169,056)</u>	<u>\$ 6,747</u>

ACADIA COUNCIL ON AGING, INC.

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

	<u>Budgeted</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Title III-B</u>			
Salaries	\$ 127,012	\$ 121,113	\$ 5,899
Fringe	11,089	13,183	(2,094)
Travel	2,705	10,199	(7,494)
Operating services	57,680	42,925	14,755
Operating supplies	23,200	10,074	13,126
Other costs	1,530	16	1,514
Capital outlay	<u>-</u>	<u>1,767</u>	<u>(1,767)</u>
	<u>\$ 223,216</u>	<u>\$ 199,277</u>	<u>\$ 23,939</u>
<u>Title III C-1</u>			
Salaries	\$ 37,490	\$ 36,052	\$ 1,438
Fringe	3,475	4,547	(1,072)
Travel	2,461	2,582	(121)
Operating services	13,450	11,609	1,841
Operating supplies	2,100	2,815	(715)
Other costs	432	-	432
Capital outlay	<u>-</u>	<u>599</u>	<u>(599)</u>
	<u>\$ 59,408</u>	<u>\$ 58,204</u>	<u>\$ 1,204</u>
<u>Title III C-2</u>			
Salaries	\$ 61,275	\$ 57,861	\$ 3,414
Fringe	6,020	7,318	(1,298)
Travel	18,355	17,115	1,240
Operating services	19,860	16,970	2,890
Operating supplies	1,830	3,085	(1,255)
Other costs	181	-	181
Capital outlay	<u>-</u>	<u>652</u>	<u>(652)</u>
	<u>\$ 107,521</u>	<u>\$ 103,001</u>	<u>\$ 4,520</u>
<u>Title III-D</u>			
Salaries	\$ 3,774	\$ 5,011	\$ (1,237)
Fringe	105	108	(3)
Travel	400	15	385
Operating services	410	392	18
Operating supplies	10	19	(9)
Capital outlay	<u>-</u>	<u>15</u>	<u>(15)</u>
	<u>\$ 4,699</u>	<u>\$ 5,560</u>	<u>\$ (861)</u>

(Continued)

ACADIA COUNCIL ON AGING, INC.

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

	<u>Budgeted</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Title III-F</u>			
Salaries	\$ 3,260	\$ 3,393	\$ (133)
Fringe	160	203	(43)
Travel	15	394	(379)
Operating services	550	480	70
Operating supplies	157	2,405	(2,248)
Capital outlay	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>
	<u>\$ 4,142</u>	<u>\$ 7,875</u>	<u>\$ (3,733)</u>
 <u>Senior Center</u>			
Salaries	1,565	2,813	\$ (1,248)
Fringe	130	-	130
Operating services	578	-	578
Operating supplies	2,805	3,168	(363)
Other costs	<u>360</u>	<u>648</u>	<u>(288)</u>
	<u>\$ 5,438</u>	<u>\$ 6,629</u>	<u>\$ (1,191)</u>
 <u>Ombudsman</u>			
Salaries	\$ 8,680	\$ 11,231	\$ (2,551)
Fringe	680	921	(241)
Travel	1,575	1,853	(278)
Operating services	1,505	1,566	(61)
Operating supplies	142	305	(163)
Capital outlay	<u>-</u>	<u>65</u>	<u>(65)</u>
	<u>\$ 12,582</u>	<u>\$ 15,941</u>	<u>\$ (3,359)</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION**



Eugene H. Darnall, CPA, Retired 1990

E. Larry Sikes, CPA, CVA
Danny P. Frederick, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Paula D. Bibb, CPA
Stephanie M. Higginbotham, CPA

Floyd E. Doré, Jr., CPA

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards

Kathleen T. Darnall, CPA
Jennifer S. Ziegler, CPA
Stephen R. Dischler, MBA, CPA
Chris A. Miller, CPA
Alan M. Taylor, CPA
Christine A. Raspberry, CPA
John P. Armato, CPA
Steven G. Moosa, CPA
Erich G. Loewer, Jr., CPA
Tamera T. Landry, CPA
Erich G. Loewer, III, CPA
Kelley D. Hawkins, CPA
Carla R. Fontenot, CPA

Offices:

125 Rue Beauregard
Lafayette, LA 70508
318.232.3312

12311 E. Laurel Avenue
Lafayette, LA 70535
318.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
504.384.6264

404 Pere Meplet
Abbeville, LA 70510
318.893.5470

The Board of Directors
Acadia Council on Aging, Inc.
Crowley, Louisiana

We were engaged to audit the accompanying general purpose financial statements of the Acadia Council on Aging, Inc. as of and for the year ended June 30, 1998. These general purpose financial statements are the responsibility of the Acadia Council on Aging, Inc.'s management. The scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the general purpose financial statements.

dsfepas.com

Compliance

As part of obtaining reasonable assurance about whether the Acadia 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 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 instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 98-4, 98-5, 98-8 and 98-9.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Acadia 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 certain 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 Acadia 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. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-1, 98-2, 98-3, 98-4, 98-5, 98-6 and 98-7.

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 general purpose 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described

Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

above, we consider items 98-1, 98-2, 98-3, 98-4, 98-5, 98-6 and 98-7 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of the Acadia Council on Aging, Inc. in a separate letter dated December 4, 1998.

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

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
December 4, 1998



Eugene H. Darnall, CPA, Retired 1990

E. Larry Sikes, CPA, CVA
Danny P. Frederick, CPA
Clayton L. Darnall, CPA
Eugene H. Darnall, III, CPA
Paula D. Bihm, CPA
Stephanie M. Wigginsbotham, CPA

Floyd E. Doré, Jr., CPA

Kathleen L. Darnall, CPA
Jennifer S. Ziegler, CPA
Stephen R. Dischler, MBA, CPA
Chris A. Miller, CPA
Alan M. Taylor, CPA
Christine A. Raspberry, CPA
John P. Armato, CPA
Steven G. Moosa, CPA
Erich G. Loewer, Jr., CPA
Tamara T. Landry, CPA
Erich G. Loewer, III, CPA
Kelley D. Hawkins, CPA
Carla R. Fontenot, CPA

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Report on Compliance with Requirements Applicable To each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Offices:

125 Rue Beauregard
Lafayette, LA 70508
318.232.3312

1231 E. Laurel Avenue
Lunice, LA 70535
318.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
504.384.6764

404 Pere Meuret
Abbeville, LA 70510
318.893.5470

The Board of Directors
Acadia Council on Aging, Inc.
Crowley, Louisiana

Compliance

We have audited the compliance of the Acadia Council on Aging, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance supplement U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. The Acadia Council on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Acadia Council on Aging, Inc.'s management. Our responsibility is to express an opinion on the Acadia Council on Aging, Inc.'s compliance based on our audit.

dsfcpas.com

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Acadia Council on Aging, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Acadia Council on Aging, Inc.'s compliance with those requirements.

As described in items 98-4, 98-5 and 98-8 in the accompanying schedule of findings and questioned costs, the Acadia Council on Aging, Inc. did not comply with requirements regarding procurement, reporting, and allowable costs/cost principles that are applicable to its Section 5311-Public Transportation for Nonurbanized Areas. Compliance with such requirements is necessary, in our opinion, for the Acadia Council on Aging, Inc. to comply with the requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the Acadia Council on Aging, Inc. did not comply, in all material respects, with the requirements referred to above that are applicable to Section 5311-Public Transportation for Nonurbanized Areas. However, in our opinion, the Acadia Council on Aging, Inc., complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended June 30, 1998. In addition, the results of our auditing procedures disclosed other instances of noncompliance which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as 98-4 and 98-5.

Member of
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Internal Control Over Compliance

The management of the Acadia Council on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Acadia Council on Aging, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the Acadia Council on Aging, Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-1, 98-3, 98-4, 98-5, 98-6, 98-7 and 98-8.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 98-1, 98-3, 98-4, 98-5, 98-6, 98-7 and 98-8 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of the Acadia Council on Aging, Inc. in a separate letter dated December 4, 1998.

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

Dunnell, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

December 4, 1998

ACADIA COUNCIL ON AGING, INC.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 1998

Program Title	Federal CFDA Number	Expenditures	Amounts to Subrecipients
<u>Department of Health & Human Services</u>			
Passed through the Louisiana			
Governor's Office of Elderly Affairs:			
Title III B-Supportive services	93.044	56,776	-
Title III C-1-Congregate meals	93.045	40,288	-
Title III C-2-Home delivered meals	93.045	30,995	-
Title III D-In-home service	93.046	2,871	-
Title VII chapter 2 - Ombudsman	93.042	5,731	-
Title III F-Preventive Health Services	93.043	3,521	-
Passed through the State Office of			
Family Support:			
Job Opportunities and Skills Training (JOBS) Project #4301	93.561	<u>75,000</u>	<u>-</u>
		<u>215,182</u>	<u>-</u>
<u>Department of Transportation & Development</u>			
Passed through the City of Rayne:			
Section 5311-FTA-Non Urbanized Area Public Transportation, Federal Project #LA-18-X015, State Project #741-01-0104	20.509	57,250	
Passed through the Louisiana Department of Transportation & Development:			
Section 5309 Discretionary Capital Program, Federal Project #LA-03-0057	20.513	<u>37,456</u>	<u>-</u>
		<u>94,706</u>	<u>-</u>
<u>Federal Emergency Management Agency</u>			
Passed through the Phase X Program:			
Emergency Food and Shelter Program	83.523	<u>17,545</u>	<u>-</u>
		<u>\$ 327,433</u>	<u>\$ -</u>

NOTE 1 BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of the Acadia Council on Aging, Inc. and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

ACADIA COUNCIL ON AGING, INC.

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

Finding: 97-1, unresolved. See Finding 98-1.
97-2, unresolved. See Finding 98-6.
97-3, unresolved. See Finding 98-7.

ACADIA 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

A disclaimer of opinion has been issued on the Acadia Council on Aging, Inc.'s financial statements as of and for the year ended June 30, 1998.

Reportable Conditions - Financial Reporting

Seven reportable conditions in internal control over financial reporting were disclosed during the audit of the financial statements and are shown as items 98-1, 98-2, 98-3, 98-4, 98-5, 98-6 and 98-7 in Part 2 and are considered material weaknesses.

Material Noncompliance - Financial Reporting

Two instances of noncompliance material to the financial statements was disclosed during the audit of the financial statements and is shown as item 98-4 and 98-5 in Part 2.

FEDERAL AWARDS

Major Program Identification

The Acadia Council on Aging, Inc. had three major programs: (1) Section 5311-Public Transportation for Nonurbanized Areas, which received funds from the Department of Transportation and Development "passed through" the City of Rayne; (2) Section 5309 - Capital Assistance Program for Elderly Persons and Persons with Disabilities, which received funds from the Department of Transportation and Development "passed through" the Louisiana Department of Transportation and Development and (3) JOBS - Job Opportunity and Basic Skills Training, which received funds from the Department of Health and Human Services "passed through" the State Office of Family Support.

Low-Risk Auditee

The Acadia Council on Aging, Inc. is not considered a low-risk auditee for the year ended June 30, 1998.

Major Program-Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended June 30, 1998.

Auditor's Report-Major Programs

In our opinion, the Acadia Council on Aging, Inc. does not comply, with requirements regarding allowable costs/cost principles, procurement, and reporting that are applicable to the Section 5311 -- Nonurbanized Area Public Transportation Program for the year ended June 30, 1998.

ACADIA COUNCIL ON AGING, INC.

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

Reportable Conditions--Major Program

There were four reportable conditions as shown in Part 3 as items 98-1, 98-3, 98-4, and 98-5 noted during the audit of the major federal programs. These reportable conditions are considered material weaknesses.

Compliance Finding Related to Major Programs

There were three instances of noncompliance related to a major program noted during the audit of the major federal programs and are shown in Part 3 as items 98-4, 98-5 and 98-8.

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

98-1 Individual Segregation 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 on the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of duties.

98-2 Accounts Payable

Finding:

The accounts payable subsidiary ledger was not reconciled to the general ledger. A significant factor contributing to this is that numerous accruals to accounts payable were posted through journal entries for which no supporting documentation was made available.

Recommendation:

Accounts payable should be reconciled on a monthly basis. Invoices and other supporting documents should be maintained in order to substantiate the balance.

ACADIA COUNCIL ON AGING, INC.

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

98-3 General Ledger References

Finding:

Postings to the general ledger could not be traced to supporting documentation because no journal reference, check number or vendor name is entered with each transaction. Therefore, the purpose of the expenditures could not be determined.

Recommendation:

Care should be taken to ensure that an audit trail is maintained for all transactions. Journal entries posted to the general ledger should have a reference number and cash disbursements should include the check number and vendor name.

98-4 Expenditures

Finding:

Information regarding the proper allocation of expenses could not be obtained. as a result, it could not be determined if expenditures coded to federal programs were allowable costs of the programs or if the costs were in accordance with the approved cost allocation plan.

Recommendation:

Management should implement procedures to ensure adequate documentation is maintained regarding the allowability and allocation of expenditures. To achieve this, all expenditures should be supported by proper documentation (invoice, expense report, etc) which should be attached to the check copy and filed on a timely basis to prevent misplacement. Invoices should include the applicable general ledger account number to which they are coded.

98-5 Procurement Policy

Finding:

Bid laws imposed by the state and adopted by the Council are not being implemented in the procurement of goods and services exceeding established dollar amounts.

Recommendation:

The procurement policy adopted by the Council should be reviewed and adhered to for all expenditures exceeding the prescribed dollar threshold.

ACADIA COUNCIL ON AGING, INC.

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

98-6 Unrecorded Activity

Finding:

Several months of activity had not been posted in the FEMA fund. Accordingly, the bank account had not been reconciled.

Recommendation:

All activity should be posted the month in which it occurs and all cash accounts should be reconciled in timely manner.

98-7 Duplicate Payments

Finding:

During the analysis of expenditures, it was noted that payments to vendors were made from monthly statements rather than invoices causing duplicate payments in some instances.

Recommendation:

Payments to vendors should be made from invoices only and the invoices should be marked paid and stapled to the check copy to eliminate duplicate payments.

Part 3 Findings and Questioned Costs Relating to Federal Programs

- 98-1 See description of finding in Part 2.
- 98-2 See description of finding in Part 2.
- 98-3 See description of finding in Part 2.
- 98-4 See description of finding in Part 2.
- 98-5 See description of finding in Part 2.
- 98-6 See description of finding in Part 2.
- 98-7 See description of finding in Part 2.

ACADIA COUNCIL ON AGING, INC.

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

98-8 Reimbursement of Transportation Expenses

Finding:

Several expenses relating to the Section 5311 Program were requested in the month paid (cash basis) rather than in the month incurred (accrual basis). The Program requires expenses to be reimbursed on the accrual basis. However, the general ledger is maintained on the cash basis which results in the reporting of expenses in the period paid rather than in the period incurred as required by the Program and the occasional duplication of expenses requested for reimbursement as determined by comparing total expenses per the program reports to the general ledger. Also, the Council was unable to provide documentation for several expenses reported for reimbursement. Based on the above, questioned costs totaled \$16,027.

Recommendation:

The Council should prepare a reconciliation of the general ledger (cash basis) to the program request for reimbursement report. Also, the Council should maintain sufficient documentation on file for expenses incurred.

98-9 Allocation of Expenses Related to Title III Federal Programs

Finding:

The Council allocates expenses to various programs on the general ledger using an indirect cost allocation plan. However, the Council is not consistent in applying the same rates to the reports filed with the program's oversight agency. As a result, total expenses reported to the program oversight agency usually exceeds the amount of expenses incurred and recorded on the general ledger. For the fiscal year ended June 30, 1998, the Council received reimbursements in excess of expenses incurred totaling \$6,502 which are considered questioned costs.

Recommendation:

The Council should ensure percentages used to allocate expenses on the general ledger are consistent with the percentages used on the reports filed with the program's oversight agency.

ACADIA COUNCIL ON AGING, INC.

Management's Corrective Action Plan for Current Year Findings

Response to findings:

- 98-1 Individual Segregation of Accounting Functions
- Based on the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties. However, management will segregate wherever possible and supervise and review wherever needed.
- 98-2 Accounts Payable
- Procedures will be implemented to ensure a detail list of accounts payable is maintained and reconciled to the general ledger, monthly.
- 98-3 General Ledger References
- Adequate documentation will be coded to the general ledger to ensure an adequate audit trail is maintained for all transactions.
- 98-4 Documentation for Cash Disbursements
- Procedures will be implemented to ensure proper documentation is filed timely to prevent misplacement.
- 98-5 Procurement Policy
- Personnel will be informed of the Council's adopted procurement policy and instructed to abide by the policy in effect.
- 98-6 Unrecorded Activity
- Procedures will be implemented requiring the activity of all funds to be recorded in a timely manner.
- 98-7 Duplicate Payments
- Instructions will be given to ensure disbursements are made from invoices and not vendor statements. Also, the invoices will be attached to the check copy to ensure duplicate payments are properly voided.
- 98-8 Reimbursement of Transportation Expenses
- The Council has converted the general ledger for the Section 5311-Public Transportation for Nonurbanized Areas program from the cash basis to the accrual basis which is the same method used for requesting reimbursement from the program's oversight agency.
- 98-9 Allocation of Expenses Related to Title III Federal Programs
- The Council has updated the general ledger to reflect the appropriate allocation percentages as used on the request for reimbursement reports.

ACADIA COUNCIL ON AGING, INC.

Management's Corrective Action Plan for Current Year Findings (Continued)

ML-1 Fund Balance

The fund balance accounts will be reviewed monthly to ensure coding of journal entries, if any, are properly posted.

ML-2 Capital Expenditures

Procedures will be implemented to reconcile the capital expenditures per the general ledger to the inventory listing.

ML-3 Subsidiary Ledgers

Subsidiary ledgers will be reconciled to the general ledger monthly.

ML-4 Investments

Management will monitor the borrowings and investments regularly to ensure the Council's finances are utilized to the greatest advantage.

ML-5 Expense Analysis

Management will monitor the repair cost on each van and evaluate the cost/benefit of operating each van.

ML-6 Procurement Policy

Personnel will be informed of the Council's adopted procurement policy and instructed to abide by the policy in effect.

ML-7 Contracts and Budgets

Procedures will be implemented to ensure contract and budget documents are properly maintained.

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER SUPPLEMENTARY INFORMATION

ACADIA COUNCIL ON AGING, INC.

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

	Balance June 30, 1997	Additions	Retirements	Balance June 30, 1998
General fixed assets, at cost:				
Vehicles	185,060	127,716	2,500	\$ 310,276
Equipment	\$ 60,987	\$ 8,398	\$ 700	68,685
Property and improvements	<u>398,727</u>	<u>-</u>	<u>-</u>	<u>398,727</u>
Total general fixed assets	<u>\$ 644,774</u>	<u>\$ 136,114</u>	<u>\$ 3,200</u>	<u>\$ 777,688</u>
Investments in general fixed assets:				
Property acquired prior to July 1, 1990*	\$ 51,026	\$ -	\$ -	\$ 51,026
Property acquired after July 1, 1990 with funds from -				-
Title III-C-1	311	-	-	311
Title III-G	1,287	-	-	1,287
Senior Center	1,594	-	350	1,244
Section 18	117,907	64,000	-	181,907
Local	435,242	69,828	2,500	502,570
Title III-B	30,018	-	-	30,018
Title III-F	5,995	-	-	5,995
Donations	<u>1,394</u>	<u>2,286</u>	<u>350</u>	<u>3,330</u>
Total investments in general fixed assets	<u>\$ 644,774</u>	<u>\$ 136,114</u>	<u>\$ 3,200</u>	<u>\$ 777,688</u>

* Records reflecting sources from which assets acquired were not maintained prior to July 1, 1990.

ACADIA COUNCIL ON AGING, INC.

Schedule Of Disbursements To Board Members

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

The following board members were reimbursed for mileage and travel expenses while attending to business of the Council:

Dorothy Broussard	\$ 51
Marguerite Constantin	42
Theresia Richard	<u>31</u>
	<u>\$124</u>



Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990

E. Larry Sikes, CPA, CVA
Danny P. Frederick, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Paula D. Bihm, CPA
Stephanie M. Higginbotham, CPA

Lloyd E. Doré, Jr., CPA

Kathleen L. Darnall, CPA
Jennifer S. Ziegler, CPA
Stephen R. Dischler, MBA, CPA
Chris A. Miller, CPA
Alan M. Taylor, CPA
Christine A. Raspberry, CPA
John P. Armato, CPA
Steven G. Moosa, CPA
Erich G. Loewer, Jr., CPA
Tamera T. Landry, CPA
Erich G. Loewer, III, CPA
Kelley D. Hawkins, CPA
Carla R. Fontenot, CPA

Management Letter

Offices:

125 Rue Beauregard
Lafayette, LA 70508
318.232.3312

12311 Laurel Avenue
Lafayette, LA 70535
318.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
504.384.6764

404 Pere Meuret
Abbeville, LA 70510
318.893.5470

The Board of Directors
Acadia Council on Aging, Inc.
Crowley, Louisiana

In planning and performing our audit of the general purpose financial statements of the Acadia Council on Aging, Inc. as of and for the year ended June 30, 1998, we considered its internal control 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. However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. A separate report dated December 4, 1998, contains our report on reportable conditions in the Acadia Council on Aging, Inc.'s internal control. This letter does not affect our report dated December 4, 1998, on the general purpose financial statements of the Acadia Council on Aging, Inc. dstepas.com

Following are the comments and suggestions regarding those matters we consider opportunities for strengthening internal controls and operating efficiency.

ML-1 FUND BALANCE

Finding:

We noted several erroneous entries posted to the fund balance accounts by the client during the fiscal year.

Recommendation:

Entries should not be posted to the fund balance accounts, except for those relating to prior periods. The client should review the general ledger monthly to ensure coding of journal entries is appropriate.

Member of

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

ML-2 CAPITAL EXPENDITURES

Finding:

The amount of purchases per the fixed asset inventory listing did not agree to the amount of capital outlay expenditures per the general ledger.

Recommendation:

The Council should reconcile the additions to the fixed asset inventory listing to the general ledger capital outlay accounts monthly.

ML-3 SUBSIDIARY LEDGERS

Finding:

During the fiscal year, the Council did not reconcile their subsidiary ledgers to the general ledger for accounts receivable and accounts payable. Also, the Council did not prepare a bank reconciliation on all bank accounts through June 30, 1998.

Recommendation:

We recommend all cash accounts and subsidiary ledgers be reconciled to the general ledger on a monthly basis. This will help to ensure all information regarding cash, accounts receivable and accounts payable is accounted for and properly coded.

ML-4 INVESTMENTS

Finding:

Several certificates of deposit were purchased during the year, restricting funds for up to two years and earning minimal interest. During the same period, the Council borrowed money to meet current obligations. The interest rate on the loan was greater than the rate of interest secured on the certificates of deposit.

Recommendation:

Investments and borrowings should be monitored to ensure the Council's finances are utilized to the greatest advantage.

ML-5 EXPENSE ANALYSIS

Finding:

During our analysis of expenditures, we noted repairs appeared to be excessive. Upon examination of invoices, it was apparent that older vans were incurring costly repairs for recurring problems. Repair expenditures relating to these vans exceeded \$6,000 for several months.

Recommendation:

The Council should monitor the cost of repairs on a van by van basis and evaluate the cost/benefit of operating each van.

ML-6 PROCUREMENT POLICY

Finding:

We noted renovations to the Council's office building exceeded \$7,000 and bids for the project was not properly obtained in accordance with the Council's procurement policy.

Recommendation:

The procurement policy adopted by the Council should be reviewed and adhered to for all expenditures exceeding the prescribed dollar threshold.

ML-7 CONTRACTS AND BUDGETS

Finding:

The client was unable to provide us the federal and state program contracts and final budgets for the Title III programs. The information had to be obtained from the Department of Transportation and Development and the Cajun Area Council on Aging, Inc.

Recommendation:

Files should be maintained for all contracts and budgets throughout the fiscal year and/or duration of the contract.

ML-8 CASH DISBURSEMENTS

Finding:

During our analysis of cash disbursements, we were unable to obtain information regarding the coding of expenditures to the general ledger. As a result, we were unable to adequately determine the source of funds from which these expenditures were paid.

Recommendation:

Federal programs may disallow certain expenditures not determined as allowable per the program guidelines. Therefore, invoices should be coded with the general ledger account number to ensure that the expenditure is coded to the appropriate fund.

This report is intended solely for the information and use of the Board of Directors and management of the Acadia Council on Aging, Inc.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
December 4, 1998