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ST. MARTIN COUNCIL ON AGING, INC.
Breaux Bridge, Louisiana

Financial Report

Year Ended June 30, 1999

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 DEC 15 1999

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(A Corporation of Certified Public Accountants)

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Independent Auditor's Report

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Breux Bridge, Louisiana

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We have audited the accompanying general purpose financial statements of the St. Martin Council on Aging, Inc., as of and for the year ended June 30, 1999, 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. Those 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the Year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- Any significant amount of resources committed to make computer systems and other electronic equipment year 2000 compliant;
- A general description of the Year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000 compliant; and
- The additional stages of work necessary for making the computer systems and other electronic equipment year 2000 compliant.

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

St. Martin Council on Aging, Inc. has omitted such disclosures. We do not provide assurance that St. Martin Council on Aging, Inc. is or will be year 2000 ready, the Council's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Council does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Martin Council on Aging, Inc. as of June 30, 1999, 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 issued our report dated July 23, 1999 on our consideration of the St. Martin 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. Martin 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. Martin 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.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
July 23, 1999

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

ST. MARTIN COUNCIL ON AGING, INC.

Combined Balance Sheet – All Fund Types and Account Groups
June 30, 1999

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	General	General	
			Fixed Assets	Long-term Debt	
ASSETS					
Cash	\$ 21,314	\$ -	\$ -	\$ -	\$ 21,314
Due from other funds	3,492	-	-	-	3,492
Accounts receivable	10,155	2,885	-	-	13,040
Prepaid expenditures	3,609	-	-	-	3,609
Fixed assets	-	-	134,244	-	134,244
Amount to be provided for retirement of general long-term debt	-	-	-	4,235	4,235
Total assets	\$ 38,570	\$ 2,885	\$ 134,244	\$ 4,235	\$ 179,934
LIABILITIES AND FUND EQUITY					
Liabilities:					
Deferred revenue	\$ 7	\$ -	\$ -	\$ -	\$ 7
Due to other funds	-	3,492	-	-	3,492
Accrued payroll and related benefits payable	237	-	-	-	237
Long-term debt - Accumulated unpaid vacation	-	-	-	4,235	4,235
Total liabilities	244	3,492	-	4,235	7,971
Fund Equity:					
Investment in fixed assets	-	-	134,244	-	134,244
Fund balances -					
Unreserved - undesignated	31,180	(607)	-	-	30,573
Reserved for prepaid expenditures	3,609	-	-	-	3,609
Reserved for payment of utility bills	2,231	-	-	-	2,231
Reserved for miles for meals	1,306	-	-	-	1,306
Total fund balances	38,326	(607)	-	-	37,719
Total fund equity	38,326	(607)	134,244	-	171,963
Total liabilities and fund equity	\$ 38,570	\$ 2,885	\$ 134,244	\$ 4,235	\$ 179,934

The accompanying notes are an integral part of this statement.

ST. MARTIN COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances – All Governmental Fund Types
Year Ended June 30, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Intergovernmental	\$ 78,405	\$ 207,452	\$ 285,857
Program	-	36,304	36,304
Local and miscellaneous	<u>47,062</u>	<u>23,019</u>	<u>70,081</u>
Total revenues	<u>125,467</u>	<u>266,775</u>	<u>392,242</u>
Expenditures:			
Current -			
Salaries	-	228,096	228,096
Fringe	263	26,862	27,125
Travel	104	30,164	30,268
Operating services	4,689	66,712	71,401
Operating supplies	751	14,360	15,111
Other costs	5,843	5,997	11,840
Capital outlay	1,200	2,440	3,640
Debt service -			
Principal	242	-	242
Interest	<u>2</u>	<u>-</u>	<u>2</u>
Total expenditures	<u>13,094</u>	<u>374,631</u>	<u>387,725</u>
Excess (deficiency) of revenues over expenditures	<u>112,373</u>	<u>(107,856)</u>	<u>4,517</u>
Other financing sources (uses):			
Operating transfers in	-	201,475	201,475
Operating transfers out	<u>(107,249)</u>	<u>(94,226)</u>	<u>(201,475)</u>
Total other financing sources (uses)	<u>(107,249)</u>	<u>107,249</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	5,124	(607)	4,517
Fund balances, beginning of year	<u>33,202</u>	<u>-</u>	<u>33,202</u>
Fund balances (deficit), end of year	<u>\$ 38,326</u>	<u>\$ (607)</u>	<u>\$ 37,719</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN 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, 1999

	General Fund			Special Revenue Funds		
	Budgeted	Actual	Variance - Favorable (Unfavorable)	Budgeted	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$ 77,287	\$ 78,405	\$ 1,118	\$ 204,530	\$ 207,452	2,922
Program	-	-	-	34,830	36,304	1,474
Local and miscellaneous	<u>46,820</u>	<u>47,062</u>	<u>242</u>	<u>22,500</u>	<u>23,019</u>	<u>519</u>
Total revenues	<u>124,107</u>	<u>125,467</u>	<u>1,360</u>	<u>261,860</u>	<u>266,775</u>	<u>4,915</u>
Expenditures:						
Current -						
Salaries	-	-	-	229,449	228,096	1,353
Fringe	-	263	(263)	27,398	26,862	536
Travel	100	104	(4)	30,918	30,164	754
Operating services	4,142	4,689	(547)	65,414	66,712	(1,298)
Operating supplies	749	751	(2)	14,802	14,360	442
Other costs	6,143	5,843	300	6,356	5,997	359
Capital outlay	1,200	1,200	-	2,715	2,440	275
Debt service -						
Principal	242	242	-	-	-	-
Interest	<u>3</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>12,579</u>	<u>13,094</u>	<u>(515)</u>	<u>377,052</u>	<u>374,631</u>	<u>2,421</u>
Excess (deficiency) of revenues over expenditures	<u>111,528</u>	<u>112,373</u>	<u>845</u>	<u>(115,192)</u>	<u>(107,856)</u>	<u>7,336</u>
Other financing sources (uses):						
Operating transfers in	-	-	-	200,406	201,475	1,069
Operating transfers out	<u>(113,263)</u>	<u>(107,249)</u>	<u>6,014</u>	<u>(85,214)</u>	<u>(94,226)</u>	<u>(9,012)</u>
Total other financing sources (uses):	<u>(113,263)</u>	<u>(107,249)</u>	<u>6,014</u>	<u>115,192</u>	<u>107,249</u>	<u>(7,943)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,735)	5,124	6,859	-	(607)	(607)
Fund balances, beginning of year	<u>33,202</u>	<u>33,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ 31,467</u>	<u>\$ 38,326</u>	<u>\$ 6,859</u>	<u>\$ -</u>	<u>\$ (607)</u>	<u>\$ (607)</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 13 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. Martin 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.

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.

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 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.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. 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 mandates to use 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 fundraisers, (3) program service revenue from renting Medic Alert units, and (4) interest income earned on idle funds which have been invested, have been recorded in the "other local" program of the General Fund.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Medicaid

This is a program where the Council completes enrollment applications for people wanting to apply for Medicaid services. The Council is paid \$14 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 as a coordinator of 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. 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 specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following are the funds that 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, 1998 to June 30, 1999, the Council served about 11,896 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, 1998 to June 30, 1999, the Council served about 44,829 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.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title III-D Fund

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 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.

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.

Rehabilitation Services Fund

This fund reports revenue received from Louisiana Rehabilitation Services (LRS) for the transportation of individuals who are clients of LRS.

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. Martin Parish, Louisiana.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Audit Fund

The Audit Fund is used to account for expenditures associated with the cost of having an annual audit of the Council's financial statements.

Title XIX Fund

The Title XIX Fund is used to account for funds which are used to provide payments for medical services provided to (1) cash assistance recipients, (2) members of certain mandatory and medically needed people who qualify under program guidelines. Title XIX Funds are provided by the United States Department of Health and Human Services as direct reimbursement for costs incurred 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. Martin Parish Policy Jury. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within the parish.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transportation – Other

The Transportation-Other Fund is used to account for funds earned and received from providing transportation services other than transportation services for the elderly.

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 St. Martin 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.

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.

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.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

ST. MARTIN 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, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

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.

Fixed Assets, Including Property Leased under Capital Leases

Assets which cost at least \$500 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.

Capital leases are recorded at the inception of the lease as capital outlay expenditures and other financing sources in governmental fund types and as assets and liabilities in the General Fixed 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.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Council's policy allows full time employees to carry forward 48 days of unused sick leave and 10 days of annual leave beyond the fiscal year end. Full-time employees earn 1 1/2 days of sick leave and 1 1/2 days of annual leave per month. An employee may be paid for 10 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.

Related Party Transactions

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

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.

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.

Prepaid Expenditures

The Council has elected not to expense amounts paid for future services until those services are consumed to comply 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.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 1999, the balance of the Council's consolidated bank account was \$21,314.

Deposit balances (bank balances) at June 30, 1999, totaled \$40,229 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.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 4 CHANGES IN GENERAL FIXED ASSETS

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Furniture & fixtures	\$ 61,645	\$ 3,640	\$ 21,611	\$ 43,674
Vehicles	<u>99,570</u>	<u>-</u>	<u>9,000</u>	<u>90,570</u>
Total general fixed assets	<u>\$ 161,215</u>	<u>\$ 3,640</u>	<u>\$ 30,611</u>	<u>\$ 134,244</u>

NOTE 5 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 6 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 7 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, 1998	Principal		Balance June 30, 1999
		Additions	Deletions	
Accrued annual leave	\$ 4,690	\$ -	\$ 455	\$ 4,235
Note payable	<u>242</u>	<u>-</u>	<u>242</u>	<u>-</u>
Total long-term debt	<u>\$ 4,932</u>	<u>\$ -</u>	<u>\$ 697</u>	<u>\$ 4,235</u>

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 7 CHANGES IN LONG-TERM DEBT (CONTINUED)

Accrued annual leave is expected to be paid during the fiscal year-end June 30, 2000 \$ 4,235

The annual requirements to amortize all debt outstanding at June 30, 1999, are as follows:

Year ending June 30,

2000 \$ 4,235

NOTE 8 JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against the Council at June 30, 1999. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance.

NOTE 9 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. 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.

NOTE 10 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 11 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.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 12 INTERFUND LOANS

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 3,492	\$ -
Special Revenue Funds:		
Title III-F	-	1,139
Title III C-1	-	2
Transportation - Other	-	607
Title XIX	-	1,744
	<u>\$ 3,492</u>	<u>\$ 3,492</u>

NOTE 13 INTERFUND TRANSFERS

Operating transfers in and out are listed by fund for 1999:

	<u>Funds transferring out:</u>				
	<u>Title XIX</u>	<u>Miscellaneous Grant</u>	<u>Rehab Services</u>	<u>Senior Center</u>	<u>Section 5311</u>
Funds transferring in:					
Title III-B	\$ -	\$ 4,500	\$ -	\$ 23,695	\$ -
Title III C-2	-	-	-	-	-
Title III-D	-	-	-	-	-
Title III-F	-	-	-	-	-
Audit Fund	-	-	-	-	-
Ombudsman	-	-	-	-	-
Transportation-Other	<u>9,259</u>	<u>-</u>	<u>3,781</u>	<u>-</u>	<u>24,480</u>
	<u>\$ 9,259</u>	<u>\$ 4,500</u>	<u>\$ 3,781</u>	<u>\$ 23,695</u>	<u>\$ 24,480</u>

	<u>Funds transferring out:</u>			
	<u>General Fund</u>	<u>United Way</u>	<u>Title C-1</u>	<u>Total</u>
Funds transferring in:				
Title III-B	\$ 102,793	\$ 15,103	\$ -	\$ 146,091
Title III C-2	1,136	7,788	5,620	14,544
Title III-D	706	-	-	706
Title III-F	679	-	-	679
Audit Fund	1,929	-	-	1,929
Ombudsman	6	-	-	6
Transportation - Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,520</u>
	<u>\$ 107,249</u>	<u>\$ 22,891</u>	<u>\$ 5,620</u>	<u>\$ 201,475</u>

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 14 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. 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, 1999:

	Balance July 1, 1998	Revenue July 1, 1998 - June 30, 1999	Disbursements July 1, 1998 - June 30, 1999	Balance June 30, 1999
Entergy LA Power & Light Helping Hand (LACOA)	\$ 891	\$ 1,146	\$ 500	\$ 1,537
Entex	183	126	92	217
Central LA. Electric Co. (LACOA)	134	155	100	189
South LA. Electric Co.	198	215	200	213
	<u>113</u>	<u>38</u>	<u>76</u>	<u>75</u>
	<u>\$ 1,519</u>	<u>\$ 1,680</u>	<u>\$ 968</u>	<u>\$ 2,231</u>

NOTE 15 LEASES

The Council entered into an operating lease for its premises on August 1, 1980 and continuing for 120 months, at which time the Council renegotiated the lease for another ten years for a monthly rental of \$1,000 per month. Below is a schedule by years of future minimum rentals at June 30, 1999:

<u>Year ending June 30,</u>	
2000	\$ 12,000
2001	<u>1,000</u>
	<u>\$ 13,000</u>

Sub-leasing the property is prohibited except for the purpose of using the premises for the benefit of the senior citizens of St. Martin Parish.

Rent expense for the year ended June 30, 1999, is \$12,000.

ST. MARTIN COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 16 EXCESS EXPENDITURES OVER APPROPRIATIONS

At year-end, expenditures exceeded appropriations in the Title III C-2 and Transportation-Other special revenue funds by \$862 and \$4,197, respectively. These excess expenditures were funded through transfers from other funds.

NOTE 17 DEFICIT FUND BALANCE

The Transportation – Other Fund has a deficit fund balance of \$607 at June 30, 1999.

The deficit balance will be eliminated in future years by reducing expenditures and by transfers from other funds.

SUPPLEMENTARY INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS

ST. MARTIN COUNCIL ON AGING, INC.

Statement of Program Revenues, Expenditures, and
Changes in Fund Balance - General Fund
Year Ended June 30, 1999

	Local	PCOA Act 735	Medicaid	Total
Revenues:				
Intergovernmental	\$ -	\$ 21,779	\$ 56,626	\$ 78,405
Local and miscellaneous -				
St. Martin Parish Policy Jury	10,320	-	-	10,320
St. Martinville City Council	8,000	-	-	8,000
City of Breaux Bridge	15,000	-	-	15,000
Village of Parks	500	-	-	500
J.B. Levert Foundation	200	-	-	200
PMS Revenue	2,892	-	-	2,892
Interest income	1,329	-	-	1,329
Fund raising	3,773	-	-	3,773
Utility assistance	1,680	-	-	1,680
Donations	210	-	-	210
Miles for meals	550	-	-	550
Miscellaneous	<u>2,608</u>	<u>-</u>	<u>-</u>	<u>2,608</u>
Total revenues	<u>47,062</u>	<u>21,779</u>	<u>56,626</u>	<u>125,467</u>
Expenditures:				
Current -				
Fringe	263	-	-	263
Travel	104	-	-	104
Operating services	4,689	-	-	4,689
Operating supplies	751	-	-	751
Other costs	5,843	-	-	5,843
Capital outlay	1,200	-	-	1,200
Debt service -				
Principal	242	-	-	242
Interest	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total expenditures	<u>13,094</u>	<u>-</u>	<u>-</u>	<u>13,094</u>
Excess of revenues over expenditures	33,968	21,779	56,626	112,373
Other financing uses:				
Operating transfers out	<u>(28,844)</u>	<u>(21,779)</u>	<u>(56,626)</u>	<u>(107,249)</u>
Excess of revenues over expenditures and other uses	5,124	-	-	5,124
Fund balance, beginning of year	<u>33,202</u>	<u>-</u>	<u>-</u>	<u>33,202</u>
Fund balance, end of year	<u>\$ 38,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,326</u>

ST. MARTIN COUNCIL ON AGING, INC.

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
All Special Revenue Funds
Year Ended June 30, 1999

	Title III-B	Title III-C-1	Title III-C-2	Title III-D
Revenues:				
Intergovernmental	\$ 63,767	\$ 20,597	\$ 42,850	\$ 2,144
Program	4,174	6,366	23,584	-
Local and miscellaneous	-	18	110	-
Total revenues	<u>67,941</u>	<u>26,981</u>	<u>66,544</u>	<u>2,144</u>
Expenditures:				
Current -				
Salaries	143,100	11,060	49,058	2,341
Fringe	17,413	1,264	5,097	221
Travel	9,565	794	18,262	10
Operating services	31,419	6,949	6,966	247
Operating supplies	7,388	894	1,255	31
Other costs	5,147	400	450	-
Capital outlay	-	-	-	-
Total expenditures	<u>214,032</u>	<u>21,361</u>	<u>81,088</u>	<u>2,850</u>
Excess (deficiency) of revenues over expenditures	<u>(146,091)</u>	<u>5,620</u>	<u>(14,544)</u>	<u>(706)</u>
Other financing sources (uses):				
Operating transfers in	146,091	-	14,544	706
Operating transfers out	-	(5,620)	-	-
Total other financing sources (uses)	<u>146,091</u>	<u>(5,620)</u>	<u>14,544</u>	<u>706</u>
Excess (deficiency) revenues and other sources over expenditures and other uses	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Title III-F</u>	<u>United Way</u>	<u>Rehab Services</u>	<u>Senior Center</u>	<u>Ombudsman</u>	<u>Miscellaneous Grant</u>	<u>Audit</u>
\$ 3,417	\$ -	\$ 3,781	\$ 28,716	\$ 3,941	\$ 4,500	\$ -
-	-	-	-	-	-	-
-	<u>22,891</u>	-	-	-	-	-
<u>3,417</u>	<u>22,891</u>	<u>3,781</u>	<u>28,716</u>	<u>3,941</u>	<u>4,500</u>	-
729	-	-	-	1,991	-	-
107	-	-	-	220	-	-
14	-	-	-	934	-	-
761	-	-	5,021	446	-	1,929
45	-	-	-	356	-	-
-	-	-	-	-	-	-
<u>2,440</u>	-	-	-	-	-	-
<u>4,096</u>	-	-	<u>5,021</u>	<u>3,947</u>	-	<u>1,929</u>
<u>(679)</u>	<u>22,891</u>	<u>3,781</u>	<u>23,695</u>	<u>(6)</u>	<u>4,500</u>	<u>(1,929)</u>
679	-	-	-	6	-	1,929
-	<u>(22,891)</u>	<u>(3,781)</u>	<u>(23,695)</u>	-	<u>(4,500)</u>	-
<u>679</u>	<u>(22,891)</u>	<u>(3,781)</u>	<u>(23,695)</u>	<u>6</u>	<u>(4,500)</u>	<u>1,929</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

ST. MARTIN COUNCIL ON AGING, INC.

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
All Special Revenue Funds
Year Ended June 30, 1999

	Title XIX	Section 5311	Transportation Other	Total
Revenues:				
Intergovernmental	\$ 9,259	\$ 24,480	\$ -	\$ 207,452
Program	-	-	2,180	36,304
Local and miscellaneous	-	-	-	23,019
Total revenues	<u>9,259</u>	<u>24,480</u>	<u>2,180</u>	<u>266,775</u>
Expenditures:				
Current -				
Salaries	-	-	19,817	228,096
Fringe	-	-	2,540	26,862
Travel	-	-	585	30,164
Operating services	-	-	12,974	66,712
Operating supplies	-	-	4,391	14,360
Other costs	-	-	-	5,997
Capital outlay	-	-	-	2,440
Total expenditures	<u>-</u>	<u>-</u>	<u>40,307</u>	<u>374,631</u>
Excess (deficiency) of revenues over expenditures	<u>9,259</u>	<u>24,480</u>	<u>(38,127)</u>	<u>(107,856)</u>
Other financing sources (uses):				
Operating transfers in	-	-	37,520	201,475
Operating transfers out	<u>(9,259)</u>	<u>(24,480)</u>	-	<u>(94,226)</u>
Total other financing sources (uses)	<u>(9,259)</u>	<u>(24,480)</u>	<u>37,520</u>	<u>107,249</u>
Excess (deficiency) revenues and other sources over expenditures and other uses		-	(607)	(607)
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (607)</u>	<u>\$ (607)</u>

ST. MARTIN COUNCIL ON AGING, INC.

Statement of Expenditures - Budget (GAAP Basis) and Actual -
All Special Revenue Funds
Year Ended June 30, 1999

	<u>Budgeted</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Title III-B</u>			
Salaries	\$ 146,452	\$ 143,100	\$ 3,352
Fringe	18,037	17,413	624
Travel	10,632	9,565	1,067
Operating services	32,034	31,419	615
Operating supplies	8,287	7,388	899
Other costs	<u>5,471</u>	<u>5,147</u>	<u>324</u>
	<u>\$ 220,913</u>	<u>\$ 214,032</u>	<u>\$ 6,881</u>
<u>Title III C-1</u>			
Salaries	\$ 11,101	\$ 11,060	\$ 41
Fringe	1,295	1,264	31
Travel	1,184	794	390
Operating services	6,874	6,949	(75)
Operating supplies	949	894	55
Other costs	<u>406</u>	<u>400</u>	<u>6</u>
	<u>\$ 21,809</u>	<u>\$ 21,361</u>	<u>\$ 448</u>
<u>Title III C-2</u>			
Salaries	\$ 49,338	\$ 49,058	\$ 280
Fringe	5,193	5,097	96
Travel	17,248	18,262	(1,014)
Operating services	6,648	6,966	(318)
Operating supplies	1,324	1,255	69
Other costs	<u>475</u>	<u>450</u>	<u>25</u>
	<u>\$ 80,226</u>	<u>\$ 81,088</u>	<u>\$ (862)</u>
<u>Title III-D</u>			
Salaries	\$ 2,346	\$ 2,341	\$ 5
Fringe	223	221	2
Travel	15	10	5
Operating services	236	247	(11)
Operating supplies	30	31	(1)
Other costs	<u>2</u>	<u>-</u>	<u>2</u>
	<u>\$ 2,852</u>	<u>\$ 2,850</u>	<u>\$ 2</u>

ST. MARTIN COUNCIL ON AGING, INC

Statement of Expenditures – Budget (GAAP Basis) and Actual –
All Special Revenue Funds (Continued)
Year Ended June 30, 1999

	<u>Budgeted</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
<u>Title III-F</u>			
Salaries	\$ 737	\$ 729	\$ 8
Fringe	111	107	4
Travel	22	14	8
Operating services	745	761	(16)
Operating supplies	44	45	(1)
Other costs	1	-	1
Capital outlay	<u>2,500</u>	<u>2,440</u>	<u>60</u>
	<u>\$ 4,160</u>	<u>\$ 4,096</u>	<u>\$ 64</u>
<u>Senior Center</u>			
Operating services	<u>\$ 5,100</u>	<u>\$ 5,021</u>	<u>\$ 79</u>
<u>Ombudsman</u>			
Salaries	\$ 1,974	\$ 1,991	\$ (17)
Fringe	205	220	(15)
Travel	1,209	934	275
Operating services	310	446	(136)
Operating supplies	39	356	(317)
Other costs	1	-	1
Capital outlay	<u>215</u>	<u>-</u>	<u>215</u>
	<u>\$ 3,953</u>	<u>\$ 3,947</u>	<u>\$ 6</u>
<u>Audit Fund</u>			
Operating services	<u>\$ 1,929</u>	<u>\$ 1,929</u>	<u>\$ -</u>
<u>Transportation - Other</u>			
Salaries	17,501	19,817	(2,316)
Fringe	2,334	2,540	(206)
Travel	608	585	23
Operating services	11,538	12,974	(1,436)
Operating supplies	<u>4,129</u>	<u>4,391</u>	<u>(262)</u>
	<u>\$ 36,110</u>	<u>\$ 40,307</u>	<u>\$ (4,197)</u>

INTERNAL CONTROL AND COMPLIANCE



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
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Alan M. Taylor, CPA
Christine A. Raspberry, CPA
Steven G. Moosa, CPA
Erich G. Loewer, Jr., CPA
Erich G. Loewer, III, CPA
Danny P. Pontiff, CPA
Tamera T. Landry, CPA
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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

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The Board of Directors
St. Martin Council on Aging, Inc.
Breux Bridge, Louisiana

We have audited the general purpose financial statements of the St. Martin Council on Aging, Inc., as of and for the year ended June 30, 1999, and have issued our report thereon dated July 23, 1999, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues. 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. Martin 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Martin 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

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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 judgement, could adversely affect the St. Martin 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 condition is described in the accompanying schedule of findings and questioned costs as item 99-1.

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 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 condition described above as 99-1 is a material weakness.

This report is intended solely for the information and use of the Board of Directors, Management, others within the Organization and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

July 23, 1999

OTHER SUPPLEMENTARY INFORMATION

ST. MARTIN COUNCIL ON AGING, INC.

Schedule of Changes in General Fixed Assets
Year Ended June 30, 1999

	Balance June 30, 1998	Additions	Deletions	Balance June 30, 1999
General fixed assets, at cost:				
Furniture & fixtures	\$ 61,645	\$ 3,640	\$ 21,611	\$ 43,674
Vehicles	<u>99,570</u>	<u>-</u>	<u>9,000</u>	<u>90,570</u>
Total general fixed assets	<u>\$ 161,215</u>	<u>\$ 3,640</u>	<u>\$ 30,611</u>	<u>\$ 134,244</u>
Investments in general fixed assets:				
Title III B	\$ 2,997	\$ -	\$ 2,150	\$ 847
Title III C-1	1,398	-	475	923
Title III C-2	2,699	-	276	2,423
Senior Center	1,195	-	817	378
PCOA	1,797	-	1,797	-
Section 5311	61,515	-	-	61,515
Local	37,608	1,200	12,830	25,978
Title III F	3,864	2,440	483	5,821
Title III G	297	-	-	297
Section 5310	39,410	-	9,000	30,410
Donated	<u>8,435</u>	<u>-</u>	<u>2,783</u>	<u>5,652</u>
Total investments in general fixed assets	<u>\$ 161,215</u>	<u>\$ 3,640</u>	<u>\$ 30,611</u>	<u>\$ 134,244</u>

ST. MARTIN COUNCIL ON AGING, INC.

Schedule of Disbursements to Board Members
Year Ended June 30, 1999

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

ST. MARTIN COUNCIL ON AGING, INC.

Summary Schedule of Prior Year Findings
Year Ended June 30,1999

98-1 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 99-1.

ST. MARTIN COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 1999

Part 1 Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

A qualified opinion has been issued on St. Martin Council on Aging, Inc.'s financial statements as of and for the year ended June 30, 1999. The qualification results from the omission of disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, "Disclosures about Year 2000 Issues."

Reportable Condition – Financial Reporting

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 99-1 in Part 2 and is considered a material weakness.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 1999.

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

99-1 Inadequate 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 upon the size of the operation and the cost benefit of additional personnel it may not be feasible to achieve complete segregation of duties.

Part 3 Findings and Questioned Costs Relating to Federal Programs

At June 30, 1999, the St. Martin Council on Aging, 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. MARTIN COUNCIL ON AGING, INC.

Management's Corrective Action Plan For Current Year Findings
Year Ended June 30, 1999

Response to Finding 99-1:

No response is considered necessary.