

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

Financial Report

Year Ended June 30, 2004

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

Release Date 2/2/05

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

The following discussion and analysis of St. Martin Council on Aging's financial performance provides an overview of the Council's financial activities for the year ended June 30, 2004. Please read it in conjunction with the financial statements, which begin on page 9.

### **FINANCIAL HIGHLIGHTS**

The Council showed a net increase in overall net assets of \$8,343 or 52% this year.

Net Capital Assets of the Council decreased by \$416 or 38%.

The unreserved, undesignated fund balance for the Council's General Fund was \$15,964 at year-end, which is a \$3,648 increase from the prior year.

### **HOW TO USE THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 through 11) provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. Fund financial statements begin on page 13. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds.

Our auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance about Supplementary Financial Information Required by GASB Statement 34 and Supplementary Financial Information Required by GOEA that follow later in this reporting package. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

#### **Reporting the Council as a Whole Using Government-Wide Statements**

Our analysis of the Council as a whole begins on page 3. An important question to ask about the Council's finances is, "Is the Council as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Government-Wide statements can be found on pages 9 to 11 and report the Council's net assets and changes in them. Some of the net assets are restricted which means they can only be used for a specific purpose. The Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, you will need to consider other nonfinancial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities. These activities include an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include various supportive social services, nutritional services, utility assistance, and disease prevention and health promotion. All activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it receives from government grants and contracts, along with donations from the general public, to pay for the services it provides to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. However, the Council does charge a fee for persons under 60 years old to ride the Council's vans. We do not view the fees we charge for these activities as a business-type activity because we do not intend to make a profit or recover the full cost of providing the service.

### **Reporting the Council's Most Significant Funds Using Fund Financial Statements**

Our analysis of the Council's major funds begins on page 4. The Fund Financial Statements can be found on pages 13 to 17 and provide detailed information about the most significant funds - not the Council as a whole. In the Fund Financial Statements you will see a General Fund and a variety of Special Revenue Funds. The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. By using separate funds to track revenues and expenditures, we can control and manage funds for particular purposes or we can show that the fund is meeting legal responsibilities for using certain grants and other money.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We have presented the difference between the net assets of governmental activities and the fund balances of the governmental funds in a reconciliation at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in net assets for the governmental funds and the change in net assets for the governmental activities has been presented in a reconciliation on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 to 31. You should read the notes before making assumptions or drawing conclusions about the Council's financial condition.

### **Supplementary Financial Information Required by GASB Statement 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final appropriated budgets to actual budget results for the

Council's fiscal year. We have also opted to present positive and negative variances between the final budget and actual amounts.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which we believe is important to present for the Council's financial statement users.

Management's Discussion and Analysis is also required supplementary information (RSI) by GASB Statement 34. However, it is presented as the first item in this reporting package and not with the other RSI by GASB Statement 34.

### **Other Supplementary Financial Information Required by GOEA**

The Council has also presented other required supplemental information in this report package.

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 37 to 39. This information will be used by GOEA to verify the accuracy of information the Council submitted to it during the year and to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

### **AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Because this is the first year of implementation of GASB34, prior year information in relation to the government-wide financial statements are not available, therefore, the government-wide comparisons will be omitted. However, in future years, a comparative analysis of government-wide data will be presented.

As of June 30, 2004, the Council "as a whole" had assets greater than its liabilities by \$24,424.

The Council's unrestricted net assets totaled \$9,266 as of June 30, 2004. It is important that the Council have unrestricted net assets so that we will have resources available to adapt to changes in the economy, emergencies, unexpected needs, and reductions in or termination of grant revenues by government agencies.

The Council has \$14,466 of restricted net assets. Net assets are reported as restricted when the constraints placed upon the asset's use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them. Currently, there are no capital assets that have related outstanding debt associated with it.

The liability for compensated absences has decreased \$1,076 or 14% during the year. This liability represents what the Council would owe to its employees as of year-end for unused vacation leave. If employee vacation patterns are similar from year to year and if the number of employees remains about the same, then the amount owed at year-end will not change very much from year to year. This liability could adversely affect the Council's financial position if we were to have to lay off a significant portion of our workforce. This event would trigger the immediate payment of unused vacation to the terminated employees resulting in the Council having to use unrestricted net assets to make the payments.

## **AN ANALYSIS OF GOVERNMENTAL ACTIVITIES**

Most of the Council's activities are funded by federal, state, and local grants. These grants amount to approximately 75% of the revenues of the Council in 2004 and 74% in 2003. Some of these grants are restricted which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues represented 8% of the total revenues of 2004 and 2003.

The Council invests idle funds and is able to earn some interest on this money each year. The investment earnings are used or accumulated as necessary to meet expenses each year.

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. The Council's largest activities are related to transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of St. Martin Parish. There is a high demand for these services; therefore, resources are channeled to meeting the demand.

You will also note that most of the governmental activities have more expenses than revenues. We expect this situation to occur and have prepared the Council's budgets for these activities with this in mind. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities.

Finally, there are two programs that have revenues greater than expenses for the year. First, revenues under the Supportive Services III C-1 exceeded expenses by \$6,360. The grant received for this program can also be used to pay for costs in the III B and III C-2 program. Depending on the number of units provided, the types of costs charged to this program, and the amount of grant funds available to use in this program, it is possible that some money earned under this grant may be transferred to the other program's costs. The second program is the Senior Center program. The revenues exceeded expenses by \$14,778. The grant received for this program can also be used to pay for costs in the III B program. Depending on the demand for and efficiency of the program it is possible that some revenue received from these sources may be transferred to the III B program's costs.

## **AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS**

### Fund Balances

The Council showed a combined governmental fund balance of \$30,430 (as shown on the Fund Financial Statement's balance sheet at page 13) at the end of this year, which is an increase of \$7,682 versus last year. The increase was in the General Fund. One of the reasons for the increase is the fact that the General Fund took in a little more revenue than the prior year but the primary reason is due to the fact that less General Fund revenue was needed to supplement the various programs.

### Revenues

The combined fund revenues decreased \$20,911 this year versus last year, or 4%. The majority of this decrease is from the Title III-B and Section 5311's decrease in revenue of \$6,259 and \$35,366, respectively. The decrease in revenue was partially offset by the increase in the General Fund, Title III-E and Senior Center's revenues of \$10,543, \$5,187 and \$5,984 respectively.

## Expenditures

Total expenditures decreased by \$29,564 this year, or 5%. The majority of the decrease can be attributed to the purchase of a vehicle in 2003 for \$36,489, which was recorded as a capital outlay expenditure in 2003. There were no vehicles purchased in 2004.

## **AN ANALYSIS OF THE GENERAL FUND BUDGET**

You can find schedules of the original and amended budgets for the General Fund in the Supplementary Financial Information Required by GASB Statement 34 section of this report beginning on page 33. When you review the budget versus actual schedule, you will note that the favorable and unfavorable variances are not very large.

## **AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of the year, the Council had \$692 in fixed assets net of accumulated depreciation. This amounted to a net decrease of \$416 from last year.

We have already discussed the nature and effects of the compensated absence liability.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2004, it was important that we deliver at least the same level of service to our clients and the public as we did in 2003.

All of the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2004. There have been no significant changes to the funding levels or terms of the grants and contracts. Accordingly, we have set our initial budget to provide the same programs and levels of service next year. GOEA has also approved the Council's budget for next year. There are no plans to add any significant programs for next year.

## **CONTACTING THE COUNCIL'S MANAGEMENT**

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Earline Countee, the Council's Executive Director, at the Council's main office located at 511 Wild Cherry Lane, Breau Bridge, LA, 70517, by phone at 337-332-3063.



(A Corporation of Certified Public Accountants)

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Council on Aging, Inc., as of and for the year ended June 30, 2004, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 17, 2004, 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.

As described in Note 1, the Council has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of June 30, 2004.

Eugene H. Darnall, CPA, Retired 1990  
Paula D. Bihm, CPA, Deceased 2002

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E. Larry Sikes, CPA, CVA, CFP™  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
Stephanie M. HigginBotham, CPA  
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Erich G. Loewer, Jr. CPA, CVA

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Kathleen T. Darnall, CPA  
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Barbara Ann Watts, CPA  
Adam J. Curry, CPA  
Chad M. Bailey, CPA

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



The management's discussion and analysis and budgetary comparison information on pages 1 through 5 and 34 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the St. Martin Council on Aging, Inc. taken as a whole. The schedule of nonmajor funds and comparative schedule of general fixed assets on pages 38 through 40 are presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Dannall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

August 17, 2004

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

ST. MARTIN COUNCIL ON AGING, INC.

Government Wide Statement of Net Assets  
June 30, 2004

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 8,673
Grants and contracts receivable	22,200
Other receivables	408
Prepaid expenses	7,910
Deposits	1,559
Capital assets, net of accumulated depreciation	<u>692</u>
Total Assets	<u>41,442</u>
<b>Liabilities</b>	
Deferred revenue	10,320
Accrued compensated absences	<u>6,698</u>
Total Liabilities	<u>17,018</u>
<b>Net Assets</b>	
Invested in Capital Assets, net of debt	692
Restricted for:	
Utility Assistance	6,354
Prepaid expenses	7,910
Title III-E	202
Unrestricted	<u>9,266</u>
Total Net Assets	<u>\$ 24,424</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN COUNCIL ON AGING, INC.

Government Wide Statement of Activities  
Year Ended June 30, 2004

<b>Function/Programs</b>	Direct Expenses	Indirect Expenses
<b>Governmental Activities</b>		
<b>Health, Welfare &amp; Social Services:</b>		
Supportive Services:		
Other services	\$ 7,495	\$ 2,811
Homemaker	25,688	9,633
Information and assistance	25,257	9,472
Outreach	6,321	2,370
Transportation	47,031	17,637
Nutrition Services:		
Congregate Meals	12,887	4,883
Home delivered meals	65,419	24,588
Utility Assistance	9,803	-
Disease prevention and health promotion	3,166	1,183
National family caregiver support:		
Respite care	14,088	7,560
Other services	7,348	3,943
Multipurpose senior centers	12,886	4,842
Medicaid services	82,293	31,565
Transportation	46,973	18,649
<b>Administration</b>	146,291	(139,136)
Total governmental activities	\$ 512,946	\$ -

Charges for Services	Program Revenues		Total Governmental Activities	Net (Expense) Revenue and Increases (Decreases) in Net Assets
	Operating Grants and Contributions	Capital Grants and Contributions		
\$ -	\$ 7,415	\$ -	\$ -	\$ (2,891)
1,043	16,790	-	-	(17,488)
-	14,506	-	-	(20,223)
-	3,784	-	-	(4,907)
1,459	25,858	-	-	(37,351)
7,381	16,749	-	-	6,360
21,195	47,065	-	-	(21,747)
-	-	-	-	(9,803)
-	3,877	-	-	(472)
780	19,148	-	-	(1,720)
260	12,016	-	-	985
1,398	-	-	-	(16,330)
-	88,106	-	-	(25,752)
515	83,496	-	-	18,389
-	7,155	-	-	-
<u>\$ 34,031</u>	<u>\$ 345,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (132,950)</u>

General Revenues:

Grants and contributions not restricted to specific programs	125,007
Unrestricted Investment Income	333
Miscellaneous	<u>15,953</u>
Total general revenues and special items	<u>141,293</u>
Increase in net assets	8,343
Net assets - beginning of the year	<u>16,081</u>
Net assets - end of the year	<u>\$ 24,424</u>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

ST. MARTIN COUNCIL ON AGING, INC.

Balance Sheet  
Governmental Funds  
June 30, 2004

	General Fund	Title III B	Title III C-2	Non-Major Funds	Total
<b>Assets</b>					
Cash	\$ 8,673	\$ -	\$ -	\$ -	\$ 8,673
Due from other funds	1,020	-	-	-	1,020
Grants and contracts receivable	21,180	-	-	1,020	22,200
Other receivables	408	-	-	-	408
Prepaid expenditures	7,910	-	-	-	7,910
Deposits	<u>1,559</u>	-	-	-	<u>1,559</u>
Total Assets	<u>40,750</u>	-	-	<u>1,020</u>	<u>41,770</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Due to other funds	-	-	-	1,020	1,020
Deferred revenue	<u>10,320</u>	-	-	-	<u>10,320</u>
Total Liabilities	<u>10,320</u>	-	-	<u>1,020</u>	<u>11,340</u>
<b>Fund Balances:</b>					
Reserved	14,466	-	-	-	14,466
Unreserved/Undesignated:					
General Fund	15,964	-	-	-	15,964
Special Revenue Fund	<u>-</u>	-	-	-	<u>-</u>
Total Fund Balances	<u>30,430</u>	-	-	-	<u>30,430</u>
Total Liabilities and Fund Balances	<u>\$ 40,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,020</u>	

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

- Compensated absences accrued are not paid for out of current financial resources and therefore are not reported in the funds	(6,698)
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>692</u>
	<u>\$ 24,424</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2004

	General Fund	Title III B	Title III C-2	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>					
Intergovernmental:					
Governor's Office of Elderly Affairs	\$ 21,048	\$ 68,353	\$ 47,065	\$ 84,776	\$ 221,242
Department of Health and Hospitals	88,106	-	-	-	88,106
Department of Health and Human Services	-	-	-	23,874	23,874
Department of Transportation and Development	-	-	-	59,622	59,622
Program Service Fees:					
Transportation	-	1,494	-	515	2,009
Homemaker	-	1,009	-	-	1,009
Home delivered meals	-	-	-	7,381	7,381
Congregate meals	-	-	21,195	-	21,195
Caregivers	-	-	-	1,040	1,040
Recreation	-	-	-	1,398	1,398
Investment Income	333	-	-	-	333
Local and miscellaneous:					
St. Martin Parish Police Jury	15,320	-	-	-	15,320
St. Martinville City Council	10,000	-	-	-	10,000
City of Breaux Bridge	15,000	-	-	-	15,000
Utility Assistance	6,327	-	-	-	6,327
United Way	-	-	-	34,250	34,250
Donations	1,351	-	-	2,206	3,557
Fund raising	4,582	-	-	-	4,582
Miscellaneous	5,044	-	-	-	5,044
<b>Total Revenues</b>	<u>167,111</u>	<u>70,856</u>	<u>68,260</u>	<u>215,062</u>	<u>521,289</u>
<b>EXPENDITURES</b>					
Health, Welfare, & Social Services					
Current:					
Personnel	89,306	94,337	52,258	76,633	312,534
Fringe	9,510	15,138	5,974	8,824	39,446
Travel	1,798	9,856	21,787	5,474	38,915
Operating Services	13,284	24,894	7,646	33,827	79,651
Operating Supplies	3,410	9,016	2,028	9,757	24,211
Other Costs	14,167	475	314	3,894	18,850
<b>Total Expenditures</b>	<u>131,475</u>	<u>153,716</u>	<u>90,007</u>	<u>138,409</u>	<u>513,607</u>
Excess (deficiency) of revenues over expenditures	<u>35,636</u>	<u>(82,860)</u>	<u>(21,747)</u>	<u>76,653</u>	<u>7,682</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	82,860	21,747	66,315	170,922
Transfers out	(27,954)	-	-	(142,968)	(170,922)
<b>Total other financing sources and uses</b>	<u>(27,954)</u>	<u>82,860</u>	<u>21,747</u>	<u>(76,653)</u>	<u>-</u>
Net Increase in fund balances	7,682	-	-	-	7,682
<b>FUND BALANCES</b>					
Beginning of the year	22,748	-	-	-	22,748
End of the year	<u>\$ 30,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,430</u>

The accompanying notes are an integral part of this statement.



ST. MARTIN COUNCIL ON AGING, INC.

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Activities  
Funds to the State of Activities  
Year Ended June 30, 2004

Net Increase in fund balances - total governmental funds	\$ 7,682
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$415) exceed capital outlay (\$0) in the period	(415)
Governmental funds report compensated absences as expenditures only when paid and therefore the amount paid in excess of the amount earned require the use of current financial resources and is reported as an expenditure in government funds	<u>1,076</u>
Increase in net assets of governmental activities	<u>\$ 8,343</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of the Council on Aging

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

Specific services provided by the Council to the elderly residents of St. Martin Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, home repairs, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

B. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. However, before the council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and each council is governed by the policies and regulations established by GOEA.

The St. Martin Council on Aging, Inc. is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations on October 8, 1973.

A board of directors, consisting of 13 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials.

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Based on the criteria set forth in GASB Statement 14, the St. Martin Council on Aging, Inc. is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Codification Section 2100, the Council has presented its financial statements as a primary government, because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the Council may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. Included in its policies is a provision that the Council's budget be approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the Council and is more ministerial or compliance oriented than substantive.

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

C. Presentation of Statements

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The Council has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Council has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Council are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain of the significant changes in the Statement include the following:

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Council's overall financial position and results of operations.

Governmental-Wide Financial statements prepared using full accrual accounting for all of the Council's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Council has elected to implement the general provisions of the GASB Statement 34 in the current year.

D. Basic Financial Statements - Government-Wide Statements

The Council's basic financial statements include both Government-Wide (reporting the Council as a whole) and fund financial statements (reporting the Council's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. The Council's functions and programs have been classified as governmental activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the Government-Wide financial statements do not include any of these activities or funds.

In the Government-Wide Statement of Net Assets, the governmental type activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net assets include all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

The Council allocates its indirect costs among various functions and programs in accordance with Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect cost allocation." In addition, GOEA provides grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA funds are allocated to the Council's other functions and programs.

The Government-Wide Statements focus upon the Council's ability to sustain operations and the change in its net assets resulting from the current year's activities.

E. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Council are reported in individual funds in the Fund Financial Statements. 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 reported by generic classification within the financial statements.

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Included in the General Fund are the PCOA Fund and the Medicaid programs. The following is a brief description of each of these programs:

PCOA (Act 735) funds are appropriated for the Governor's Office of Elderly Affairs by the Louisiana Legislature for remittance to the Council. 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 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 for people who are homebound and in need of services similar to those provided in a nursing home, rather than have the person sent to a nursing home.

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Council has established several special revenue funds. The following is a brief description of each special revenue fund's purpose:

Major Special Revenue Funds

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

	<u>Units</u>
Information and assistance	2,329
Outreach	623
Homemaker	3,109
Transportation	8,133
Visiting	1,355

**The Title III C-2 Fund** is used to account for funds that are used to provide nutritional meals to homebound older persons. Using Title III C-2 funds the Council served 49,560 meals during the year to people eligible to participate in this program. In addition to the meals serviced, the Council also provided 167 units of nutritional education to eligible participants.

Non-Major Special Revenue Funds

**Title III C-1 Fund** receives funding from 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, 2003 to June 30, 2004, the Council served about 12,261 congregate meals and also provided 41 units of nutritional education to eligible participants.

**The Title III D Fund** is used to account for funds used for disease prevention and health promotion activities. During the year 3,142 units of wellness service and 145 units of medication management service were provided to eligible participants in this program.

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Title III-E Fund** is used to account for funds used to provide services, such as; (1) information to caregivers about available services, (2) assistance to caregivers in gaining access to the services, (3) individual counseling, (4) organizational support groups, (5) caregiver training to caregivers in making decisions and solving problems relating to their caregiving roles, (6) respite care to enable caregivers to be temporarily relieved from their caregiving responsibilities, and (7) supplemental services, on a limited basis, to complement the care provided by caregivers. The number of units provided under Title III-E are as follows:

	<u>Units</u>
Public education	110
Information and assistance	221
Outreach	169
In-home respite	1,553
Personal care	467

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

**The Supplemental Senior Center Fund** was established to account for funds that were appropriated by the Louisiana Legislature for the various councils on aging throughout Louisiana to supplement each council's primary grant for senior center operations and activities. The St. Martin Council on Aging, Inc. was one of the parish councils to receive a supplemental grant of \$3,825. The money received by this fund during the year was transferred to the Title III B Fund to supplement the supportive services provided by this fund. GOEA provided these funds to the Council.

**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.



ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**The Section 5311 Fund** receives 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 Police Jury. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within the parish.

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

**The United Way 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.

F. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis – Government-Wide Financial Statements (GWFS):

The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis – Fund Financial Statements (FFS):

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets in the Government-Wide Financial Statements.

H. Cash and Cash Equivalents:

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

I. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid for services in advance. These are shown as assets on the Government-Wide Statement of Net Assets.

In the Fund Financial Statements, the Council has elected not to include amounts paid for future services as expenditures until those services are consumed to comply with the cost reimbursement terms of grant agreements. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the Fund Financial Statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

J. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment	5-7 years
Vehicles	5 years
Computers	3 years

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

K. Unpaid Compensated Absences

The Council's policies for vacation time permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the Government-Wide Statements. Management has estimated the current and long-term portions of this liability based on historical trends. The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year. An amount is added to this total for social security and medicare taxes.

In contrast, the governmental funds in the Fund Financial Statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, no amounts have been accrued as fund liabilities as of year-end in the Fund Financial Statements. The differences in the methods of accruing compensated absences creates a reconciling item between the fund and government-wide financial statement presentations.

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the Government-Wide Financial Statements relative to sick leave.

L. Allocation of Indirect Expenses

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

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Management's 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.

N. Elimination and Reclassifications

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

O. Deferred Revenues

The Council reports deferred revenues on its Statement of Net Assets and on the balance sheet of the Fund Financial Statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

NOTE 2 REVENUE RECOGNITION

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting.

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

The Older American Act of 1965 Title III programs operate under a performance based contract. Title III program revenue is earned by the Council based on the units of service provided within the guidelines of the related program.

NOTE 3 CASH

The Council maintains a consolidated bank account that 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 resources to temporarily cover any negative cash balances in other funds.

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH (Continued)

At year-end, the carrying amount of the Council's cash balances on the books was \$8,673, whereas the related bank cash balances totaled \$37,896. The difference in the book and bank balances for cash relates primarily to deposits made and checks written which did not clear the bank accounts by year-end. All bank balances were covered by federal depository insurance. Accordingly, all bank deposits are classified as a "Category 1" credit risk in accordance with GASB Statement 3.

GASB Statement 3 categorizes deposits into three categories of credit risk:

Insured by FDIC or collateralized with securities held by the Council or by its agent in the Council's name. (Category 1)

Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name. (Category 2)

Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Council's name; or collateralized with no written or approved collateral agreement. (Category 3)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a legal requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Council that the fiscal agent has failed to pay deposited funds upon demand.

Under state law, all bank deposits must be (1) secured by federal deposit insurance or by the pledge of securities owned by the fiscal agent bank, or (2) invested exclusively in instruments backed by the U.S. government. The fair value of the pledged securities plus the federal deposit insurance must always equal or exceed the amount on deposit with the fiscal agent.

NOTE 4 GOVERNMENT GRANTS AND CONTRACTS RECEIVABLE

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year-end.

*Government grants and contracts receivable at year-end consist of reimbursements for expenses incurred under the following programs:*

<u>Program</u>	<u>Fund</u>	<u>Provider</u>	<u>Amount</u>
Transportation	Section 5311	DOTD	\$ 11,270
Medicaid	General	DHH	9,664
Medical Assistance	Title XIX	DHHS	1,008
Various	General	Various	<u>258</u>
Total government grants and contracts receivable			<u>\$ 22,200</u>

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 INTERFUND LOANS

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,020	\$ -
Special Revenue Funds:		
Title III C-1	-	12
Title XIX	<u>-</u>	<u>1,008</u>
	<u>\$ 1,020</u>	<u>\$ 1,020</u>

NOTE 6 CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance 07-01-03</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06-30-04</u>
Capital Assets				
Vehicles	\$ 30,410	\$ -	\$ -	\$ 30,410
Furniture & equipment	<u>33,610</u>	<u>-</u>	<u>-</u>	<u>33,610</u>
Subtotal	<u>64,020</u>	<u>-</u>	<u>-</u>	<u>64,020</u>
Accumulated depreciation				
Vehicles	30,410	-	-	30,410
Furniture & equipment	<u>32,502</u>	<u>416</u>	<u>-</u>	<u>32,918</u>
Subtotal	<u>62,912</u>	<u>416</u>	<u>-</u>	<u>63,328</u>
Net capital assets	<u>\$ 1,108</u>	<u>\$ (416)</u>	<u>\$ -</u>	<u>\$ 692</u>

Depreciation was charged to governmental activities as follows:

Administration	<u>\$ 416</u>
Total depreciation expense for governmental activities	<u>\$ 416</u>

NOTE 7 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 any out-of-pocket costs they might incur on behalf of the Council in accordance with the Council's applicable reimbursement policy.

NOTE 8 RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the year.

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 INCOME TAX STATUS

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c)(3) of the Internal Revenue Code, 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 10 JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against the Council as of year-end. The Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

NOTE 11 CONTINGENCIES-GRANT PROGRAMS

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

NOTE 12 ECONOMIC DEPENDENCY

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

NOTE 13 RISK MANAGEMENT

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

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

ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 14 INTERFUND TRANSFERS

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

	Funds transferring in:					Total
	Title IIIB	Title III C-2	Title III D	Transportation	Title III E	
<u>Funds transferring out:</u>						
General Fund	\$ 26,184	\$ 563	\$ 472	\$ -	\$ 735	\$ 27,954
Special Revenue Funds:						
Non-Major Funds:						
Title XIX	-	-	-	23,874	-	23,874
Supplemental Senior Center	3,825	-	-	-	-	3,825
Senior Center	14,778	-	-	-	-	14,778
Section 5311	18,388	-	-	41,234	-	59,622
United Way	15,259	19,250	-	-	-	34,509
Title C-1	4,426	1,934	-	-	-	6,360
Total Special Revenue Funds	56,676	21,184	-	65,108	-	142,968
Total all funds	\$ 82,860	\$ 21,747	\$ 472	\$ 65,108	\$ 735	\$ 170,922

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

NOTE 15 CHANGES IN LONG-TERM DEBT

The only long-term debt the Council had during the year related to compensated absences. The following is a schedule of the changes in long-term debt for the accrued compensated absences:

Beginning balance - July 1, 2003	\$ 7,774
Increases	-
Decreases	1,076
Ending balance - June 20, 2004	\$ 6,698
Current portion	6,698
Total government activity long-term debt	\$ 6,698



ST. MARTIN COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 16 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 funding source for the year ended June 30, 2003:

	Balance July 1, 2003	Revenue July 1, 2003 - June 30, 2004	Disbursements July 1, 2003 - June 30, 2004	Balance June 30, 2004
Entergy	\$ 2,056	\$ 3,179	\$ 4,363	\$ 872
LA Power & Light Helping Hand (LACOA)	1,331	3,308	2,130	2,509
Entex	175	196	327	44
Central LA. Electric Co. (LACOA)	349	2,791	1,666	1,474
Atmos Energy	1,827	-	372	1,455
South LA. Electric Co.	35	32	67	-
	<u>\$ 5,773</u>	<u>\$ 9,506</u>	<u>\$ 8,925</u>	<u>\$ 6,354</u>

The Council has other assets which are restricted in their application by virtue of the donor's intention or commitments already entered into by the Council. Details on the reserved balances are set out below:

Utility Assistance	\$ 6,354
Prepaid Expenditures	7,910
Title III-E	202
	<u>\$ 14,466</u>

NOTE 17 LEASES

The Council leases office space for a monthly rental payment of \$700, effective August of 2000. On August 1, 2003, the Council renegotiated their lease for three years with monthly rental payment of \$800 per month, with a sixty-day notice of cancellation after the first of the three-year term. Below is a schedule of years of future minimum rentals at June 30, 2004:

<u>Year ending June 30,</u>	
2005	\$ 9,600
2006	9,600
2007	<u>800</u>
Total	<u>\$ 20,000</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, 2004, is \$9,500.

**SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34**

ST. MARTIN COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
 General Fund  
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 22,748	\$ 22,748	\$ 22,748	\$ -
Resources (inflows):				
Grant revenue	149,224	111,348	109,154	(2,194)
Local and miscellaneous	56,892	58,404	57,624	(780)
Interest received	700	400	333	(67)
Amounts available for appropriation	<u>229,564</u>	<u>192,900</u>	<u>189,859</u>	<u>(3,041)</u>
Charges to appropriations (outflows):				
Salaries	101,879	86,975	89,306	(2,331)
Fringe	10,947	9,500	9,510	(10)
Travel	2,377	1,949	1,798	151
Operating services	13,488	12,643	13,284	(641)
Operating supplies	3,425	3,321	3,410	(89)
Other costs	11,322	15,292	14,167	1,125
Transfers out	<u>47,111</u>	<u>32,274</u>	<u>27,954</u>	<u>4,320</u>
Total charges to appropriations	<u>190,549</u>	<u>161,954</u>	<u>159,429</u>	<u>2,525</u>
Budgetary fund balance, June 30	<u>\$ 39,015</u>	<u>\$ 30,946</u>	<u>\$ 30,430</u>	<u>\$ (516)</u>

ST. MARTIN COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
 Title III-B Fund  
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	68,353	68,353	68,353	-
Program income	3,600	2,400	2,503	103
Transfers in	<u>81,149</u>	<u>88,120</u>	<u>82,860</u>	<u>(5,260)</u>
Amounts available for appropriation	<u>153,102</u>	<u>158,873</u>	<u>153,716</u>	<u>(5,157)</u>
Charges to appropriations (outflows):				
Personnel	110,765	114,295	109,475	4,820
Travel	11,273	10,142	9,856	286
Operating services	22,682	25,819	24,894	925
Operating supplies	7,553	7,874	9,016	(1,142)
Other costs	<u>829</u>	<u>743</u>	<u>475</u>	<u>268</u>
Total charges to appropriations	<u>153,102</u>	<u>158,873</u>	<u>153,716</u>	<u>5,157</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. MARTIN COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
 Title III C-2  
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	47,065	47,065	47,065	-
Program income	26,172	22,148	21,195	(953)
Transfers in	<u>15,976</u>	<u>20,686</u>	<u>21,747</u>	<u>1,061</u>
Amounts available for appropriation	<u>89,213</u>	<u>89,899</u>	<u>90,007</u>	<u>108</u>
Charges to appropriations (outflows):				
Personnel	60,052	59,610	58,232	1,378
Travel	20,296	20,644	21,787	(1,143)
Operating services	7,003	7,735	7,646	89
Operating supplies	1,530	1,545	2,028	(483)
Other costs	<u>332</u>	<u>365</u>	<u>314</u>	<u>51</u>
Total charges to appropriations	<u>89,213</u>	<u>89,899</u>	<u>90,007</u>	<u>(108)</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

ST. MARTIN COUNCIL ON AGING, INC.

Schedule of Non-Major Funds  
Year Ended June 30, 2004

	Title III C-1	Title III D	Title III E
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 16,749	\$ 3,877	\$ 31,164
Department of Health and Human Services	-	-	-
Department of Transportation and Development	-	-	-
Program	7,381	-	1,040
Local and miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>24,130</u>	<u>3,877</u>	<u>32,204</u>
<b>EXPENDITURES</b>			
Current:			
Personnel	9,673	2,905	23,361
Fringe	1,120	326	2,542
Travel	605	12	3,914
Operating Services	5,642	625	2,583
Operating Supplies	699	480	402
Other Costs	<u>31</u>	<u>1</u>	<u>137</u>
<b>Total Expenditures</b>	<u>17,770</u>	<u>4,349</u>	<u>32,939</u>
Excess (deficiency) of revenues over expenditures	<u>6,360</u>	<u>(472)</u>	<u>(735)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	472	735
Transfers out	<u>(6,360)</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources and uses</b>	<u>(6,360)</u>	<u>472</u>	<u>735</u>
Net Increase in fund balances	-	-	-
<b>FUND BALANCES</b>			
Beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>
End of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>United Way</u>	<u>Senior Center</u>	<u>Supplemental Senior Center</u>	<u>Title XIX</u>	<u>Section 5311</u>	<u>Transportation Other</u>	<u>Total</u>
\$ -	\$ 29,161	\$ 3,825	\$ -	\$ -	\$ -	\$ 84,776
-	-	-	23,874	-	-	23,874
-	-	-	-	59,622	-	59,622
-	1,398	-	-	-	515	10,334
<u>34,509</u>	<u>1,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,456</u>
<u>34,509</u>	<u>32,506</u>	<u>3,825</u>	<u>23,874</u>	<u>59,622</u>	<u>515</u>	<u>215,062</u>
-	7,484	-	-	-	33,210	76,633
-	941	-	-	-	3,895	8,824
-	249	-	-	-	694	5,474
-	5,532	-	-	-	19,445	33,827
-	205	-	-	-	7,971	9,757
-	<u>3,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408</u>	<u>3,894</u>
-	<u>17,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,623</u>	<u>138,409</u>
<u>34,509</u>	<u>14,778</u>	<u>3,825</u>	<u>23,874</u>	<u>59,622</u>	<u>(65,108)</u>	<u>76,653</u>
-	-	-	-	-	65,108	66,315
<u>(34,509)</u>	<u>(14,778)</u>	<u>(3,825)</u>	<u>(23,874)</u>	<u>(59,622)</u>	<u>-</u>	<u>(142,968)</u>
<u>(34,509)</u>	<u>(14,778)</u>	<u>(3,825)</u>	<u>(23,874)</u>	<u>(59,622)</u>	<u>65,108</u>	<u>(76,653)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



ST. MARTIN COUNCIL ON AGING, INC.

Comparative Schedule of General Fixed Assets  
And Changes In General Fixed Assets  
Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<b>General fixed assets:</b>				
Vehicles	\$ 30,410	\$ -	\$ -	\$ 30,410
Furniture and equipment	<u>33,610</u>	<u>-</u>	<u>-</u>	<u>33,610</u>
<b>Total general fixed assets</b>	<b><u>\$ 64,020</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 64,020</u></b>
<b>Investment in general fixed assets:</b>				
<b>Property acquired with funds from -</b>				
Title III C-1	727	-	-	727
Title III C-2	727	-	-	727
Section 5311	3,715	-	-	3,715
Local	15,807	-	-	15,807
Title III-F	7,654	-	-	7,654
Section 5310	30,410	-	-	30,410
Donated-CAAA	3,652	-	-	3,652
Donated-United Way	<u>1,328</u>	<u>-</u>	<u>-</u>	<u>1,328</u>
<b>Total investment in general fixed assets</b>	<b><u>\$ 64,020</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 64,020</u></b>



(A Corporation of Certified Public Accountants)

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Council on Aging, Inc. as of and for the year ended June 30, 2004, which collectively comprise the St. Martin Council on Aging, Inc.'s basic financial statements and have issued our report thereon dated August 17, 2004. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the St. Martin Council on Aging, Inc.'s 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 no instances of noncompliance that is 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 financial statements and not to provide assurance on the *internal control over financial reporting*. Our consideration of the *internal control over financial reporting* would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Eugene H. Darnall, CPA, Retired 1990  
Paula D. Bihm, CPA, Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™  
Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
Stephanie M. HigginBotham, CPA  
John P. Armato, CPA  
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Michelle B. Borrello, CPA  
Jeremy C. Meaux, CPA  
Kevin S. Young, CPA  
Barbara Ann Watts, CPA  
Adam J. Curry, CPA  
Chad M. Bailey, CPA

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of the board of directors, management, others within the organization and is not intended to be and should not be used by anyone other than those specified parties. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Dannall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

August 17, 2004

ST. MARTIN COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report - Financial Statements

An unqualified opinion has been issued on St. Martin Council on Aging, Inc.'s financial statements as of and for the year ended June 30, 2004.

Reportable Condition - Financial Reporting

No reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements.

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, 2004.

Part II Findings Related to an Audit in Accordance with *Governmental Auditing Standards*

There were no findings that are required to be reported in this section of the report.

Part III Findings and Questioned Costs Relating to Federal Programs

At June 30, 2004, 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.

Part IV Management Letter

The auditor did not issue a management letter this year.

ST. MARTIN COUNCIL ON AGING, INC.

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2004

03-1      Finding:    Inadequate Segregation of Accounting Functions  
             Status:      This finding is resolved.

ST. MARTIN COUNCIL ON AGING, INC.

Management's Corrective Action Plan  
Year Ended June 30, 2004

No current year findings were noted; therefore, no response is necessary.