

ACADIA COUNCIL ON AGING, INC.

Financial Report

Year Ended June 30, 2002

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(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990

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

Jennifer S. Ziegler, CPA
Chris A. Miller, CPA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA

Kathleen T. Darnall, CPA
Erich G. Loewer, Jr. CPA
Erich G. Loewer, III, MTX, CPA
Donna E. Latiolais, CPA
Tamera T. Landry, CPA
Carla R. Fontenot, CPA
Raegan D. Stelly, CPA
Julie T. Templett, CPA
Barbara A. Clark, CPA
Monica F. Laverne, CPA
Lauren F. Verrett, CPA
Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA

Other Locations:

1231 E. Laurel Avenue
Eunice, LA 70535
337.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
985.384.6264

404 Pere Megret
Abbeville, LA 70510
337.893.5470

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Acadia Council on Aging, Inc., as of and for the year ended June 30, 2002, 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 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; and Office of Management and Budget (OMB) Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations.*" Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Acadia Council on Aging, Inc., as of June 30, 2002, and the results of its operations for the year then ended, in conformity with accounting procedures generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 23, 2002, on our consideration of the Council's compliance and on internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplementary Information" is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Acadia Council on Aging, Inc. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*," and is also not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

August 23, 2002

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

ACADIA COUNCIL ON AGING, INC.

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2002

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	General Fixed Assets	General Long-term Debt	
ASSETS					
Cash	\$ 64,106	\$ 1,762	\$ -	\$ -	\$ 65,868
Due from other funds	-	108,771	-	-	108,771
Accounts receivable	60,627	-	-	-	60,627
Fixed assets	-	-	663,250	-	663,250
Prepaid expense	2,924	-	-	-	2,924
Deposits	8,400	-	-	-	8,400
Amount to be provided for retirement of general long-term debt	-	-	-	335,537	335,537
Total assets	\$ 136,057	\$ 110,533	\$ 663,250	\$ 335,537	\$ 1,245,377
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 53,325	\$ -	\$ -	\$ -	\$ 53,325
Due to other funds	108,771	-	-	-	108,771
Accrued payroll and related benefits payable	3,329	-	-	-	3,329
Long-term debt -					
Notes payable	-	-	-	319,395	319,395
Capital lease obligations	-	-	-	5,168	5,168
Accumulated unpaid vacation	-	-	-	10,974	10,974
Total liabilities	165,425	-	-	335,537	500,962
Fund Equity:					
Investment in fixed assets	-	-	663,250	-	663,250
Fund balances -					
Unreserved - undesignated	(32,292)	99,868	-	-	67,576
Reserved for future expenditures	2,924	10,665	-	-	13,589
Total fund balances (deficit)	(29,368)	110,533	-	-	81,165
Total fund equity (deficit)	(29,368)	110,533	663,250	-	744,415
Total liabilities and fund equity	\$ 136,057	\$ 110,533	\$ 663,250	\$ 335,537	\$ 1,245,377

The accompanying notes are an integral part of this statement.

ACADIA COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Governmental Fund Types
Year Ended June 30, 2002

	General	Special Revenue	Total (Memorandum Only)
Revenues:			
Intergovernmental	\$ 41,109	\$ 395,125	\$ 436,234
Program	-	129,944	129,944
Local and miscellaneous	<u>30,565</u>	<u>-</u>	<u>30,565</u>
Total revenues	<u>71,674</u>	<u>525,069</u>	<u>596,743</u>
Expenditures:			
Current -			
Salaries	6,796	271,695	278,491
Fringe	662	38,872	39,534
Travel	53	24,208	24,261
Operating services	1,299	109,624	110,923
Operating supplies	3,679	40,196	43,875
Other costs	-	18,050	18,050
Capital outlay	41,391	6,237	47,628
Debt service -			
Principal	6,956	-	6,956
Interest	<u>15,220</u>	<u>-</u>	<u>15,220</u>
Total expenditures	<u>76,056</u>	<u>508,882</u>	<u>584,938</u>
Excess (deficiency) of revenues over expenditures	<u>(4,382)</u>	<u>16,187</u>	<u>11,805</u>
Other financing sources (uses):			
Loan proceeds	24,700	-	24,700
Operating transfers in	21,779	45,283	67,062
Operating transfers out	<u>(21,779)</u>	<u>(45,283)</u>	<u>(67,062)</u>
Total other financing sources (uses)	<u>24,700</u>	<u>-</u>	<u>24,700</u>
Excess of revenues and other sources over expenditures and other uses	20,318	16,187	36,505
Fund balances (deficit), beginning of year	<u>(49,686)</u>	<u>94,346</u>	<u>44,660</u>
Fund balances (deficit), end of year	<u>\$ (29,368)</u>	<u>\$ 110,533</u>	<u>\$ 81,165</u>

The accompanying notes are an integral part of this statement.

ACADIA COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual -
Budgeted Special Revenue Funds
Year Ended June 30, 2002

	Budgeted	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 381,419	\$ 380,125	\$ (1,294)
Program	119,000	129,944	10,944
Local and miscellaneous	-	-	-
Total revenues	<u>500,419</u>	<u>510,069</u>	<u>9,650</u>
Expenditures:			
Current -			
Salaries	274,040	271,695	2,345
Fringe	32,054	38,872	(6,818)
Travel	24,432	24,208	224
Operating services	127,088	109,624	17,464
Operating supplies	41,826	40,196	1,630
Other costs	-	2,065	(2,065)
Capital outlay	979	6,237	(5,258)
Total expenditures	<u>500,419</u>	<u>492,897</u>	<u>7,522</u>
Excess of revenues over expenditures	<u>-</u>	<u>17,172</u>	<u>17,172</u>
Other financing sources (uses):			
Operating transfers in	40,866	45,283	4,417
Operating transfers out	<u>(40,866)</u>	<u>(45,283)</u>	<u>(4,417)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	<u>-</u>	<u>17,172</u>	<u>17,172</u>
Fund balances, beginning of year	<u>84,009</u>	<u>84,009</u>	<u>-</u>
Fund balances, end of year	<u>\$ 84,009</u>	<u>\$ 101,181</u>	<u>\$ 17,172</u>

The accompanying notes are an integral part of this statement.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 14 voluntary members who serve three-year terms, governs the council.

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

This report includes all funds and account groups which are controlled by, or dependent on, the Acadia Council on Aging, Inc. (Council). 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.

ACADIA 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.

The following programs comprise the Council's General Fund:

Local

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

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

General Fund (continued)

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

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.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes.

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

Title III-B Supportive Services Fund

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

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

Special Revenue Funds (continued)

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, 2001 to June 30, 2002, the Council served about 12,626 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, 2001 to June 30, 2002, the Council served about 47,799 home-delivered meals.

Title III-D Fund

The Title III-D 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-D funds are provided by the U.S. Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

Senior Center Fund

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

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

Special Revenue Funds (continued)

Supplemental Senior Center

The Supplemental Senior Center 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.

FEMA Fund

The FEMA Fund is used to account for the administration of a Disaster Assistance Program whose purpose is to supplement food and shelter assistance to individuals who might currently be receiving assistance, as well as to assist those who are not receiving any. Funds are provided by the Federal Emergency Management Agency through the United Way of Acadiana, which in turn "passes through" the funds to the Council.

Energy Fund

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

Project Care

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

Project Independence

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

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

Special Revenue Funds (continued)

Title XIX

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

Account Groups

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

General Fixed Assets

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

General Long-Term Debt

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

Basis of Accounting

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

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues available if they are collected within 60 days after year-end. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on long-term debt which are recorded when due.

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.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policy (continued)

The budget is prepared on the modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.

Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

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

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 accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Fixed Assets

Assets which cost at least \$1,000 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 least obligation in the General Long-Term Debt account group.

ACADIA 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 15 days of unused annual leave and 15 days of unused sick leave beyond the fiscal year-end. An employee may be paid for 15 days of unused annual leave and no days of unused sick leave upon separation. The liability for accumulated annual leave has been recorded in the General Long-Term Debt Account Group.

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

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

Program Service Fees

Program service fees are recognized when the Council provides the service that entitles the Council to charge the recipient for the services received. The Council encourages and receives contributions from clients to help offset the costs of the Title III-B, C-1 and C-2 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, 2002, the balance of the Council's bank accounts were \$65,868.

Deposit balances (bank balances) at June 30, 2002, totaled \$86,345 and are fully secured by federal depository insurance. GASB Statement 3 categorizes the credit risk of these deposits as Category 1 because they are fully insured.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2002 consisted of the following:

Project Independence	\$11,000
FEMA	7,500
Medicaid	1,676
Title XIX	1,312
Rural Development	38,000
Other receivables	<u>1,139</u>
	<u>\$60,627</u>

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 5 CHANGES IN GENERAL FIXED ASSETS

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
General fixed assets, at cost				
Vehicles	\$ 180,542	\$ 44,068	\$ -	\$ 224,610
Equipment	42,070	3,560	5,717	39,913
Property and improvements	<u>398,727</u>	-	-	<u>398,727</u>
Total general fixed assets	<u>\$ 621,339</u>	<u>\$ 47,628</u>	<u>\$ 5,717</u>	<u>\$ 663,250</u>

NOTE 6 BOARD OF DIRECTORS' COMPENSATION

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

NOTE 7 INCOME TAX STATUS

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

NOTE 8 CHANGES IN LONG-TERM DEBT

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

	Balance June 30, 2001	Principal		Balance June 30, 2002
		Additions	Deletions	
Notes payable	\$ 308,146	\$ 24,700	\$ 8,283	\$ 324,563
Accrued annual leave	<u>10,254</u>	<u>720</u>	-	<u>10,974</u>
	<u>\$ 318,400</u>	<u>\$ 25,420</u>	<u>\$ 8,283</u>	<u>\$ 335,537</u>

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 8 CHANGES IN LONG-TERM DEBT (CONTINUED)

Accrued annual leave is expected to be paid during fiscal year ended June 30, 2003.

	<u>Unpaid Principal</u>
Note payable FMHA, original amount of \$344,000, payable in 360 monthly installments of \$1,848, including interest at 5% per annum, collateralized by the office building	\$ 294,695
Note payable Rural Development, original amount of \$24,700, payable in 60 monthly installments of \$464, including interest at 4.75% per annum, collateralized by a vehicle	24,700
Capital lease payable Canon Financial Services, Inc., original amount of \$6,495, payable in 36 monthly installments of \$175, including imputed interest at 13.5% per annum, collateralized by equipment	5,168
Accrued annual leave (expected to be paid during fiscal year ended June 30, 2002)	<u>10,974</u>
	<u>\$ 335,537</u>

The annual requirements to amortize all debt outstanding at June 30, 2002, including interest payments of \$191,872, are as follows:

<u>Year Ending June 30,</u>		
2003	\$	54,914
2004		29,829
2005		24,280
2006		22,176
2007		22,176
2008 and thereafter		<u>374,034</u>
		<u>\$ 527,409</u>

NOTE 9 JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against the Council at June 30, 2002. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance.

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 10 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. These programs are audited in accordance with the Single Audit Act Amendments of 1996. 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 11 ECONOMIC DEPENDENCY

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

NOTE 12 RISK MANAGEMENT

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

NOTE 13 INTERFUND LOANS

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 108,771
Special Revenue Funds:		
Energy	2,621	-
Project Care	6,283	-
FEMA	7,591	-
Project Independence	84,821	-
Title XIX	<u>7,455</u>	<u>-</u>
	<u>\$ 108,771</u>	<u>\$ 108,771</u>

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 14 INTERFUND TRANSFERS

Operating transfers in and out are listed by fund for 2002:

	Fund transferring out:			Total
	Senior Center	PCOA Act 735	Supplemental Senior Center	
Funds transferring in:				
Title III-B	\$ 36,139	\$ -	\$ 4,500	\$ 40,639
Title III-C-2	4,644	-	-	4,644
Medicaid Enrollment	-	2,927	-	2,927
General Fund	-	18,852	-	18,852
	<u>\$ 40,783</u>	<u>\$ 21,779</u>	<u>\$ 4,500</u>	<u>\$ 67,062</u>

NOTE 15 RESERVED FUND BALANCE

The Council receives funding from various utility companies for the restricted purpose of alleviating hardship conditions related to the payment of utility bills for elderly individuals. These funds are accounted for in the Energy Fund and Project Care Fund (Special Revenue Funds). Funds available at year-end for this purpose have been reserved accordingly. The following summary outlines the activity by fund source for the year ended June 30, 2002:

	Balance July 1, 2001	Revenue July 1, 2001 - June 30, 2002	Disbursements July 1, 2001 - June 30, 2002	Balance June 30, 2002
Entergy (Project Care)	\$ 2,956	\$ 4,432	\$ 1,104	\$ 6,284
Central LA. Electric Co. (Energy Fund)	<u>1,636</u>	<u>1,359</u>	<u>375</u>	<u>2,620</u>
	<u>\$ 4,592</u>	<u>\$ 5,791</u>	<u>\$ 1,479</u>	<u>\$ 8,904</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	\$ 8,904
FEMA checking	1,761
Prepaid expenditures	<u>2,924</u>
	<u>\$ 13,589</u>

ACADIA COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 16 EXCESS EXPENDITURES OVER APPROPRIATIONS

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

Senior Center	<u>\$ 500</u>
Supplemental Senior Center	<u>\$ 342</u>

NOTE 17 PROGRAM YEAR-ENDS

All of the operating programs have a June 30 year-end, coinciding with the fiscal year of the Council, except for the FEMA Program, which is not funded through the Area Agency, and has a September 30 year-end. These statements reflect twelve months' activity for the above program for the year ended June 30, 2002.

NOTE 18 BUDGET PRESENTATIONS - RECONCILIATION

The Council is not required to adopt a budget for the General Fund, therefore, no budget presentation is shown in these financial statements. A budget is also not presented for the FEMA Fund because the Council did not adopt a budget for this fund. The following is a schedule reconciling all special revenue funds to special revenue funds in which budgets were adopted:

	Budgeted Special Revenue Funds	Special Revenue Funds not Budgeted	All Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 510,069	\$ 15,000	\$ 525,069
Total expenditures	(492,897)	(15,985)	(508,882)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	17,172	(985)	16,187
Fund balances, beginning of year	<u>84,009</u>	<u>10,337</u>	<u>94,346</u>
Fund balances, end of year	<u>\$ 101,181</u>	<u>\$ 9,352</u>	<u>\$ 110,533</u>

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS

ACADIA COUNCIL ON AGING, INC.

Statement of Program Revenues, Expenditures, and
Changes in Fund Balance - General Fund
Year Ended June 30, 2002

	Local	Medicaid	PCOA Act 735	Total
Intergovernmental:				
PCOA	\$ -	\$ -	\$ 21,779	\$ 21,779
Department of Health and Hospitals	-	6,030	-	6,030
Rural Development	13,300	-	-	13,300
Local and miscellaneous:				
Interest	1,073	-	-	1,073
Rental income	24,336	-	-	24,336
Donations	2,055	-	-	2,055
Miscellaneous	2,629	-	-	2,629
PMS revenue	<u>472</u>	<u>-</u>	<u>-</u>	<u>472</u>
Total revenues	<u>43,865</u>	<u>6,030</u>	<u>21,779</u>	<u>71,674</u>
Expenditures:				
Current -				
Salaries	-	6,796	-	6,796
Fringe	-	662	-	662
Travel	-	53	-	53
Operating services	202	1,097	-	1,299
Operating supplies	3,330	349	-	3,679
Capital outlay	41,391	-	-	41,391
Debt service -				
Principal	6,956	-	-	6,956
Interest	<u>15,220</u>	<u>-</u>	<u>-</u>	<u>15,220</u>
Total expenditures	<u>67,099</u>	<u>8,957</u>	<u>-</u>	<u>76,056</u>
Excess (deficiency) of revenues over expenditures	<u>(23,234)</u>	<u>(2,927)</u>	<u>21,779</u>	<u>(4,382)</u>
Other financing (uses):				
Loan proceeds	24,700	-	-	24,700
Operating transfers in	18,852	2,927	-	21,779
Operating transfers out	<u>-</u>	<u>-</u>	<u>(21,779)</u>	<u>(21,779)</u>
Total other financing sources (uses)	<u>43,552</u>	<u>2,927</u>	<u>(21,779)</u>	<u>24,700</u>
Excess of revenues over expenditures and other uses	20,318	-	-	20,318
Fund balances (deficit), beginning of year	<u>(47,504)</u>	<u>(2,182)</u>	<u>-</u>	<u>(49,686)</u>
Fund balances (deficit), end of year	<u>\$ (27,186)</u>	<u>\$ (2,182)</u>	<u>\$ -</u>	<u>\$ (29,368)</u>

ACADIA COUNCIL ON AGING, INC.

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Special Revenue Funds
Year Ended June 30, 2002

	Title III-B	Title III-C-1	Title III-C-2	Title III-D	Senior Center
Revenues:					
Intergovernmental:					
Governor's Office of Elderly Affairs	\$ 82,805	\$ 42,792	\$ 77,958	\$ 4,668	\$ 41,366
Department of Social Services	-	-	-	-	-
FEMA	-	-	-	-	-
Program	<u>22,418</u>	<u>7,752</u>	<u>23,736</u>	<u>-</u>	<u>-</u>
Total revenues	<u>105,223</u>	<u>50,544</u>	<u>101,694</u>	<u>4,668</u>	<u>41,366</u>
Expenditures:					
Current -					
Salaries	79,883	32,654	62,960	764	494
Fringe	10,965	4,743	9,292	-	69
Travel	3,059	1,612	19,019	-	20
Operating services	34,333	9,085	11,966	1,000	-
Operating supplies	13,532	1,892	2,399	2,804	-
Other costs	344	100	142	-	-
Capital outlay	<u>3,746</u>	<u>458</u>	<u>560</u>	<u>100</u>	<u>-</u>
Total expenditures	<u>145,862</u>	<u>50,544</u>	<u>106,338</u>	<u>4,668</u>	<u>583</u>
Excess (deficiency) of revenues over expenditures	<u>(40,639)</u>	<u>-</u>	<u>(4,644)</u>	<u>-</u>	<u>40,783</u>
Other financing sources (uses):					
Operating transfers in	40,639	-	4,644	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,783)</u>
Total other financing sources (uses)	<u>40,639</u>	<u>-</u>	<u>4,644</u>	<u>-</u>	<u>(40,783)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Supplemental Senior Center</u>	<u>FEMA</u>	<u>Energy</u>	<u>Project Care</u>	<u>Project Independence</u>	<u>Title XIX</u>	<u>Total</u>
\$ 4,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 254,089
-	-	-	-	126,036	-	126,036
-	15,000	-	-	-	-	15,000
-	-	1,359	4,432	-	70,247	129,944
<u>4,500</u>	<u>15,000</u>	<u>1,359</u>	<u>4,432</u>	<u>126,036</u>	<u>70,247</u>	<u>525,069</u>
-	-	-	-	59,011	35,929	271,695
-	-	-	-	8,607	5,196	38,872
-	-	-	-	498	-	24,208
-	-	-	-	35,880	17,360	109,624
-	-	-	-	11,731	7,838	40,196
-	15,985	375	1,104	-	-	18,050
-	-	-	-	1,118	255	6,237
-	<u>15,985</u>	<u>375</u>	<u>1,104</u>	<u>116,845</u>	<u>66,578</u>	<u>508,882</u>
<u>4,500</u>	<u>(985)</u>	<u>984</u>	<u>3,328</u>	<u>9,191</u>	<u>3,669</u>	<u>16,187</u>
-	-	-	-	-	-	45,283
<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,283)</u>
<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(985)	984	3,328	9,191	3,669	16,187
-	10,337	1,636	2,956	75,631	3,786	94,346
<u>\$ -</u>	<u>\$ 9,352</u>	<u>\$ 2,620</u>	<u>\$ 6,284</u>	<u>\$ 84,822</u>	<u>\$ 7,455</u>	<u>\$ 110,533</u>

ACADIA COUNCIL ON AGING, INC.

Statement of Expenditures and Other Financing Uses -
Budget (GAAP Basis) and Actual - Contracts and Grants
Provided Through the Louisiana Governor's Office of Elderly Affairs (GOEA)

	<u>Budgeted</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Title III-B</u>			
Salaries	\$ 85,000	\$ 79,883	\$ 5,117
Fringe	8,750	10,965	(2,215)
Travel	2,750	3,059	(309)
Operating services	53,858	34,333	19,525
Operating supplies	15,000	13,532	1,468
Other costs	-	344	(344)
Capital outlay	250	3,746	(3,496)
	<u>\$ 165,608</u>	<u>\$ 145,862</u>	<u>\$ 19,746</u>
<u>Title III C-1</u>			
Salaries	\$ 36,000	\$ 32,654	\$ 3,346
Fringe	3,850	4,743	(893)
Travel	1,700	1,612	88
Operating services	7,725	9,085	(1,360)
Operating supplies	2,000	1,892	108
Other costs	-	100	(100)
Capital outlay	100	458	(358)
	<u>\$ 51,375</u>	<u>\$ 50,544</u>	<u>\$ 831</u>
<u>Title III C-2</u>			
Salaries	\$ 64,000	\$ 62,960	\$ 1,040
Fringe	6,500	9,292	(2,792)
Travel	19,500	19,019	481
Operating services	14,361	11,966	2,395
Operating supplies	2,000	2,399	(399)
Other costs	-	142	(142)
Capital outlay	150	560	(410)
	<u>\$ 106,511</u>	<u>\$ 106,338</u>	<u>\$ 173</u>
<u>Title III-D</u>			
Salaries	\$ -	\$ 764	\$ (764)
Operating services	1,000	1,000	-
Operating supplies	3,568	2,804	764
Capital outlay	100	100	-
	<u>\$ 4,668</u>	<u>\$ 4,668</u>	<u>\$ -</u>

ACADIA COUNCIL ON AGING, INC.

Statement of Expenditures and Other Financing Uses -
 Budget (GAAP Basis) and Actual - Contracts and Grants
 Provided Through the Louisiana Governor's Office of Elderly Affairs (GOEA) (Continued)

	<u>Budgeted</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Senior Center</u>			
Salaries	\$ -	\$ 494	\$ (494)
Fringe	-	69	(69)
Travel	-	20	(20)
Transfers to other funds:			
Title III-B	<u>40,866</u>	<u>40,783</u>	<u>83</u>
	<u>\$ 40,866</u>	<u>\$ 41,366</u>	<u>\$ (500)</u>
 <u>Supplemental Senior Center</u>			
Transfers to other funds:			
Title III-B	<u>\$ 4,158</u>	<u>\$ 4,500</u>	<u>\$ (342)</u>
 <u>PCOA - Act 735</u>			
Transfers to other funds:			
General Fund	<u>\$ 21,779</u>	<u>\$ 21,779</u>	<u>\$ -</u>

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



(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990

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

Jennifer S. Ziegler, CPA
Chris A. Miller, CPA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA

Kathleen T. Darnall, CPA
Erich G. Loewer, Jr. CPA
Erich G. Loewer, III, MTX, CPA
Donna E. Latiolais, CPA
Tamera T. Landry, CPA
Carla R. Fontenot, CPA
Raegan D. Stelly, CPA
Julie T. Templett, CPA
Barbara A. Clark, CPA
Monica F. Laverne, CPA
Lauren F. Verrett, CPA
Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA

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

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

We have audited the accompanying general purpose financial statements of the Acadia Council on Aging, Inc. as of and for the year ended June 30, 2002, and have issued our report thereon dated August 23, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the Acadia Council on Aging, Inc.'s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Acadia Council on Aging, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions.

Other Locations:

1231 E. Laurel Avenue
Eunice, LA 70535
337.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
985.384.6264

404 Pere Megret
Abbeville, LA 70510
337.893.5470

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgment, could adversely affect the Acadia Council on Aging, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-1 and 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

This report is intended for the information 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.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

August 23, 2002



(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990

E. Larry Sikes, CPA, CVA, CFP
Danny P. Frederick, CPA
Clayton E. Darnall, CPA
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Jennifer S. Ziegler, CPA
Chris A. Miller, CPA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA

Kathleen T. Darnall, CPA
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Jeremy C. Meaux, CPA

Other Locations:

1231 E. Laurel Avenue
Eunice, LA 70535
337.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
985.384.6264

404 Pere Megret
Abbeville, LA 70510
337.893.5470

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance In Accordance with OMB Circular A-133

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

We have audited the compliance of Acadia Council on Aging, Inc. with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2002. The Acadia Council on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Acadia Council on Aging, Inc.'s management. Our responsibility is to express an opinion on the Acadia Council on Aging, Inc.'s compliance based on our audit.

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

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Society of Louisiana
Certified Public Accountants

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Acadia Council on Aging, Inc.'s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-1 and 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we consider the reportable conditions described in the accompanying schedule of findings and questions costs as items 02-1 and 02-2 to be material weaknesses.

This report is intended for the information and use of the Board of Directors, management, others within the Organization and federal awarding agencies and pass-through entities 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

August 23, 2002

ACADIA COUNCIL ON AGING, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2002

Program Title	Federal CFDA Number	Expenditures	Amounts to Subrecipients
<u>Department of Health & Human Services</u>			
Passed through the Louisiana Governor's Office of Elderly Affairs:			
Title III B-Supportive services	93.044	\$ 61,162	\$ -
Title III C-1-Congregate meals	93.045	36,373	-
Title III C-2-Home delivered meals	93.045	21,049	-
Title III D-Preventive Health Services	93.043	3,968	-
Passed-through the Louisiana Department of Social Services, Office of Family Support:			
Temporary Assistance for Needy Families Project Independence	93.558	126,036	-
Passed-through the Louisiana Department of Health and Hospitals, Office of Management and Finance			
Title XIX	93.778	56,197	-
		<u>304,785</u>	<u>-</u>
<u>Federal Emergency Management Agency</u>			
Passed through the Phase X Program:			
Emergency Food and Shelter Program	83.523	15,000	-
		<u>\$ 319,785</u>	<u>\$ -</u>

NOTE 1 BASIS OF PRESENTATION

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

OTHER SUPPLEMENTARY INFORMATION

ACADIA COUNCIL ON AGING, INC.

Schedule of Changes in General Fixed Assets
Year Ended June 30, 2002

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
General fixed assets, at cost:				
Vehicles	\$ 180,542	\$ 44,068	\$ -	\$ 224,610
Equipment	42,070	3,560	5,717	39,913
Property and improvements	<u>398,727</u>	<u>-</u>	<u>-</u>	<u>398,727</u>
Total general fixed assets	<u>\$ 621,339</u>	<u>\$ 47,628</u>	<u>\$ 5,717</u>	<u>\$ 663,250</u>
Investments in general fixed assets:				
Title III-C-1	\$ 2,214	\$ 458	\$ -	\$ 2,672
Title III-C-2	3,040	560	-	3,600
Title III-D	4,220	100	-	4,320
Section 5311	88,960	-	-	88,960
Local	499,643	41,391	5,717	535,317
Title III-B	19,295	3,746	-	23,041
Project Independence	2,273	1,118	-	3,391
Title XIX	325	255	-	580
Donations	<u>1,369</u>	<u>-</u>	<u>-</u>	<u>1,369</u>
Total investments in general fixed assets	<u>\$ 621,339</u>	<u>\$ 47,628</u>	<u>\$ 5,717</u>	<u>\$ 663,250</u>

ACADIA COUNCIL ON AGING, INC.

Schedule Of Disbursements To Board Members

The following Board member was reimbursed for mileage and travel expenses while attending to business of the Council:

Lee Perry Roy	<u>\$183</u>
Newjay Richard	<u>\$160</u>

ACADIA COUNCIL ON AGING, INC.

Summary Schedule of Prior Year Findings
Year Ended June 30, 2002

- 01-1 Finding: Individual Segregation of Accounting Functions
Status: This finding is unresolved. See current year finding 02-1.
- 01-2 Finding: Budget Variances
Status: This finding is unresolved. See current year finding 02-2.
- 01-3 Finding: Back Pay to Meal Site Manager
Status: Resolved.

ACADIA COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2002

Part 1 Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Acadia Council on Aging, Inc.'s financial statements as of and for the year ended June 30, 2002.

Reportable Conditions - Financial Reporting

Two reportable conditions in internal control over financial reporting were disclosed during the audit of the financial statements and are shown as items 02-1 and 02-2 in Part 2 and are considered material weaknesses.

Material Non-compliance - Financial Reporting

There was no instances of noncompliance noted during the audit.

FEDERAL AWARDS

Major Program Identification

The Acadia Council on Aging, Inc. at June 30, 2002, had two major programs: (1) Title III-B - Supportive Services, Senior Centers, Title III-C - Nutrition Services (a cluster program), which received funds from the Department of Health and Human Services "passed-through" the Louisiana Governor's Office of Elderly Affairs, and (2) Title XIX - Medical Assistance Program, which received funds from the Department of Health and Human Services "passed-through" the Louisiana Department of Health and Hospitals, Office of Management and Finance.

Low-Risk Auditee

The Acadia Council on Aging, Inc. is not considered a low-risk auditee for the year ended June 30, 2002.

Auditor's Report - Major Programs

An unqualified opinion has been issued on the Acadia Council on Aging, Inc.'s compliance for its major programs as of and for the year ended June 30, 2002.

Reportable Conditions - Major Programs

There were two reportable conditions shown in Part 3 as items 02-1 and 02-2 noted during the audit of the major federal program. The reportable conditions are considered to be a material weaknesses.

ACADIA COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2002
(Continued)

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

02-1 Individual Segregation of Accounting Functions

Finding:

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

Recommendation:

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

02-2 Budget Variances

Finding:

Our review of the budget policy revealed that the Council should amend its budget in cases where actual costs for a particular cost category exceeded the budgeted amount by more than ten percent. The Council failed to amend five (5) of the special revenue funds when actual expenditures for a particular cost category exceeded budgeted amounts by more than ten percent.

Recommendation:

The Council should amend the budget whenever actual expenditures for a particular cost category exceed budgeted amounts by more than ten percent.

When in doubt, the Council should consult with the appropriate oversight agency, accountants, and/or consultants.

Part 3 Findings and Questioned Costs Relating to the Federal Program

02-1 See description of finding in Part 2.

02-2 See description of finding in Part 2.

ACADIA COUNCIL ON AGING, INC.

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2002

Response to findings:

02-1 Inadequate Segregation of Accounting Functions

Based upon the size of the operation and the cost benefit of additional personnel it is not feasible to achieve complete segregation of duties, however, we will utilize the staff we have to separate duties for a more effective internal control.

02-2 Budget Variances

The Council will amend the budget whenever actual expenditures for a particular cost category exceed budgeted amounts by more than ten percent.