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VERNON COMMUNITY ACTION COUNCIL, INC.
Leesville, Louisiana

FINANCIAL REPORT
December 31, 1995

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

Release Date SEP 11 1996

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ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

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W. Micheal Elliott, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vernon Community Action Council, Inc.
Leesville, Louisiana:

I have audited the accompanying general purpose financial statements of the Vernon Community Action Council, Inc. as of and for the fifteen months ended December 31, 1995, as listed in the table of contents. These financial statements are the responsibility of the Vernon Community Action Council, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, and the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

A Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types - Budget (GAAP Basis) and Actual, required by generally accepted accounting principles is not included in the accompanying financial statements. The preparation of these statements would be extremely complex because of the varying fiscal year ends.

In my opinion, except for the matter discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vernon Community Action Council, Inc. at December 31, 1995, and the results of its operations for the fifteen months then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining, and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Vernon Community Action Council, Inc. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Elliott & Assoc. "APAC"
Leesville, Louisiana
June 28, 1996

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W. Michael Elliott, CPA

Report of Independent Public Accountant on Internal Control Structure in Accordance with Government Auditing Standards

Board of Directors
Vernon Community Action Council, Inc.
Leesville, Louisiana:

I have audited the general purpose financial statements of Vernon Community Action Council, Inc., as of and for the fifteen months ended December 31, 1995, and have issued my report thereon dated June 28, 1996.

I conducted my audit in accordance with generally accepted auditing standards Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the general purpose financial statements of Vernon Community Action Council, Inc., for the fifteen months ended December 31, 1995, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of Vernon Community Action Council, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

Cash receipts	Payroll
Purchasing/receiving	General ledger
Cash disbursements	Accounts payable

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the audit committee, management, the various funding agencies, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Elliott & Assoc. "APAC"
Leesville, Louisiana
June 28, 1996

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W. Micheal Elliott, CPA

Report of Independent Public Accountant on
the Internal Control Structure Used in
Administering Federal Awards

Board of Directors
Vernon Community Action Council, Inc.
Leesville, Louisiana:

I have audited the general purpose financial statements of the Vernon Community Action Council, Inc. (a nonprofit organization) for the fifteen months ended December 31, 1995 and have issued my report thereon dated June 28, 1996. I have also audited the Council's compliance with requirements applicable to major federal programs and have issued my report thereon dated June 28, 1996.

I conducted my audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Council complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing my audits for the fifteen months ended December 31, 1995, I considered the Vernon Community Action Council, Inc.'s internal control structure in order to determine my auditing procedures for the purpose of expressing my opinions on The Vernon Community Action Council, Inc.'s financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. I have addressed policies and procedures relevant to my audit of the financial statements in a separate report dated June 28, 1996.

The management of the Vernon Community Action Council, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal awards programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the

structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control policies and procedures used in administering federal programs in the following categories:

Internal Accounting Controls (All Programs)

Cash receipts	Payroll
Purchasing/receiving	Property and equipment
Accounts payable	General ledger
Cash disbursements	

Internal Administrative Controls Used in Administering Federal Financial Assistance Programs

Political activity	Cash management
Eligibility	Types of services
Reporting	Cost allocation
Matching levels	

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

During the fifteen months ended December 31, 1995, Vernon Community Action Council, Inc. expended 100% of its total federal awards under major programs and the nonmajor programs.

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Council's major programs, which are identified in the accompanying schedule of federal awards, and the aforementioned nonmajor programs. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted no matters involving the internal control structure and its operation that I consider to be reportable conditions under the standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Council's ability to administer federal awards programs in accordance with applicable laws and regulations.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of the audit committee, management, the various funding agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and distribution is not limited.

Elliott & Assoc. "APAC"

Leesville, Louisiana
June 28, 1996

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W. Micheal Elliott, CPA

Report of Independent Public Accountant on Compliance
With Laws, Regulations, Contracts and Grants on an
Audit of Financial Statements Performed in Accordance
With Governmental Auditing Standards

Board of Directors
Vernon Community Action Council, Inc.
Leesville, Louisiana:

I have audited the general purpose financial statements of Vernon Community Action Council, Inc., as of and for the fifteen months ended December 31, 1995, and have issued my report thereon dated June 28, 1996.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Vernon Community Action Council, Inc. is the responsibility of Vernon Community Action Council, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Vernon Community Action Council, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests indicate that, with respect to the items tested, Vernon Community Action Council, Inc. complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Vernon Community Action Council, Inc. had not complied, in all material respects, with those provisions.

This report is intended for the information of the audit committee, management, the various funding agencies, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Elliott & Assoc. "APAC"

Leesville, Louisiana

June 28, 1996

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W. Micheal Elliott, CPA

Report of Independent Public Accountant on
Compliance with the General Requirements Applicable
to Federal Awards Programs

Board of Directors
Vernon Community Action Council, Inc.
Leesville, Louisiana

I have audited the financial statements of the Vernon Community Action Council, Inc., a nonprofit organization, as of and for the fifteen months ended December 31, 1995, and have issued my report thereon dated June 28, 1996.

I have applied procedures to test the Vernon Community Action Council Inc.'s compliance with the following requirements applicable to its federal programs, which are identified in the accompanying schedule of federal awards for the fifteen months ended December 31, 1995.

General Requirements

Political Activity
Civil Rights
Cash Management
Federal Financial Reports

Allowable Costs
Drug-Free Workplace Act
Administrative Requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions." My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Vernon Community Action Council Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the Vernon Community Action Council Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the audit committee, management, the various funding agencies, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Elliott & Assoc. "APAC"
Leesville, Louisiana
June 28, 1996

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W. Micheal Elliott, CPA

Report of Independent Public Accountant on
Compliance with Specific Requirements
Applicable to Major Programs

Board of Directors
Vernon Community Action Council, Inc.
Leesville, Louisiana

I have audited the financial statements of the Vernon Community Action Council, Inc. as of and for the fifteen months ended December 31, 1995, and have issued my report thereon dated June 28, 1996.

I have also audited the Vernon Community Action Council, Inc.'s compliance with the requirements governing types of services allowed or not all owed; eligibility; matching, level of effort, or earmarking; reporting; financial reports and claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal programs, which are identified in the accompanying schedule of federal awards, for the fifteen months ended December 31, 1995. The management of the Vernon Community Action Council, Inc., is responsible for the Vernon Community Action Council, Inc.'s compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Vernon Community Action Council, Inc.'s compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In my opinion, the Vernon Community Action Council, Inc., complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; financial reports and claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the fifteen months ended December 31, 1995.

This report is intended for the information of the audit committee, management, the various funding agencies, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Elliott & Assoc. "APAC"
Leesville, Louisiana
June 28, 1996

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W. Michael Elliott, CPA

Report of Independent Public Accountant on
Compliance with Specific Requirements
Applicable to Nonmajor Program Transactions

Board of Directors
Vernon Community Action Council, Inc.
Leesville, Louisiana:

I have audited the financial statements of the Vernon Community Action Council, Inc. as of and for the fifteen months ended December 31, 1995, and have issued my report thereon dated June 28, 1996.

In connection with my audit of the 1995 general purpose financial statements of Vernon Community Action Council, Inc., and with my consideration of the Vernon Community Action Council, Inc.'s internal control structure used to administer federal programs, as required by Office of Management and Budget Circular A-133 Audits of Institutions of Higher Education and Other Nonprofit Institutions, I selected certain transactions applicable to certain nonmajor federal programs for the fifteen months ended December 31, 1995. As required by OMB Circular A-133, I performed auditing procedures to test compliance with the requirements governing types of services allowed or not allowed and eligibility that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Vernon Community Action Council, Inc.'s compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the Vernon Community Action Council, Inc. had not complied, in all material respects, with those requirements. Also, the results of my procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the audit committee, management, the various funding agencies, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Elliott & Assoc. "APAC"

Leesville, Louisiana
June 28, 1996

VERNON COMMUNITY ACTION COUNCIL, INC.

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
December 31, 1995

	Governmental		Account	Totals	
	General	Special	Group	(Memorandum Only)	
	Fund	Revenue	General	1995	1994
			Fixed		
			Assets		
<u>ASSETS</u>					
Cash (Note 2)	\$ 2,080	\$ 473	\$ ---	\$ 2,553	\$ 33,315
Contracts receivable (Note 3)	---	34,673	---	34,673	46,982
Prepaid expenditures	---	---	---	---	500
Due from other funds (Note 4)	32,081	12,011	---	44,092	27,220
Buildings and equipment (Note 6)	---	---	84,233	84,233	84,233
Total assets	<u>\$34,161</u>	<u>\$ 47,157</u>	<u>\$84,233</u>	<u>\$165,551</u>	<u>\$192,250</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts payable	\$ 42	\$ 18,584	\$ ---	\$ 18,626	\$ 2,307
Payroll taxes and deductions payable	419	2,388	---	2,807	690
Due to funding agency	---	3,858	---	3,858	143
Due to other funds (Note 4)	12,011	32,081	---	44,092	27,220
Total liabilities	<u>12,472</u>	<u>56,911</u>	<u>---</u>	<u>69,383</u>	<u>30,360</u>
<u>FUND BALANCES</u>					
Unreserved	21,689	---	---	21,689	35,743
Reserved	---	(9,754)	---	(9,754)	41,914
Investment in general fixed assets (Note 6)	---	---	84,233	84,233	84,233
Total fund balances	<u>21,689</u>	<u>(9,754)</u>	<u>84,233</u>	<u>96,168</u>	<u>161,890</u>
Total liabilities and fund balances	<u>\$34,161</u>	<u>\$ 47,157</u>	<u>\$84,233</u>	<u>\$165,551</u>	<u>\$192,250</u>

The accompanying notes are an integral part of this statement.

VERNON COMMUNITY ACTION COUNCIL, INC.
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 For the Fifteen Months Ended December 31, 1995

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<u>REVENUES</u>			
Intergovernmental	\$ ---	\$522,979	\$522,979
Public support	13,802	4,823	18,625
Interest	664	379	1,043
Miscellaneous	---	7,486	7,486
	<u>14,466</u>	<u>535,667</u>	<u>550,133</u>
<u>EXPENDITURES</u>			
Salaries	---	219,860	219,860
Fringe benefits	449	32,818	33,267
Travel	26	7,850	7,876
Operating services	6,448	278,117	284,565
Operating supplies	4,223	37,858	42,081
Other costs	5,809	15,819	21,628
Capital outlay	---	---	---
	<u>16,955</u>	<u>592,322</u>	<u>609,277</u>
Excess of revenues over (under) expenditures	(2,489)	(56,655)	(59,144)
Other financing sources (uses):			
Transfers in (Note 7)	809	12,374	13,183
Transfers out (Note 7)	(12,374)	(809)	(13,183)
Refunds to funding agency	---	(6,578)	(6,578)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(14,054)	(51,668)	(65,722)
Fund balances, beginning of year	<u>35,743</u>	<u>41,914</u>	<u>77,657</u>
Fund balances, end of year	<u>\$21,689</u>	<u>\$ (9,754)</u>	<u>\$ 11,935</u>

The accompanying notes are an integral part of this statement.

VERNON COMMUNITY ACTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

Note 1 - Summary of Significant Accounting Policies

Vernon Community Action Council, Inc. is governed by a board comprised of five representatives of the poor, five concerned citizens, and five elected officials.

The accounting policies of the Council conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units.

The following is a summary of certain significant accounting policies.

Financial reporting entity

This report includes all funds and account groups which are controlled by or dependent on the Vernon Community Action Council, Inc.'s Board of Directors. Control by or dependence on the Council was determined on the basis of budget adoption, election or appointment of governing body, and other general oversight responsibility.

Fund Accounting

The accounts of the Vernon Community Action Council, Inc. are organized on the basis of funds and account group, 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, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various funds presented in the financial statements in this report are grouped into one generic fund type and two broad fund categories as follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Council are financed. The acquisition, use, and balances of the Council's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

VERNON COMMUNITY ACTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Summary of Significant Accounting Policies (Continued)

The following are the Vernon Community Action Council, Inc.'s governmental fund types:

General Fund - The General Fund is the general operating fund of the Vernon Community Action Council, Inc. It is used to account for all financial resources except those required to be accounted for in another fund.

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.

Basis of Accounting

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

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Transfers

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 accounted for through the various due from and due to accounts.

Budgets and budgetary information

The Vernon Community Action Council, Inc. follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The various funding agencies notify the Vernon Community Action Council, Inc. each year as to the funding levels for each program grant.
2. The Executive Director prepares a proposed budget based on the grant funding levels and then submits the budget to the Board of Directors for approval.

VERNON COMMUNITY ACTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Summary of Significant Accounting Policies (Continued)

3. The Board of Directors reviews and adopts the budget prior to the respective programs' fiscal year ends.
4. The adopted budget is forwarded to funding agencies for final approval.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Directors of the Council. Such amendments were not material in relation to the original appropriation.
7. Expenditures cannot legally exceed appropriations on an individual fund level.

Fiscal Year-End Change

The Council changed its fiscal year to December 31 effective with this report for the period ended December 31, 1995. Therefore, this report reflects income and expenditure amounts for a fifteen month period beginning October 1, 1994, and ending December 31, 1995. Furthermore, comparative income and expenditure amounts will not be shown due to inconsistent fiscal periods.

Total Columns of Combined Statements - Overview

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

Fixed Assets

The fixed assets represent a summary of movable capital acquisition assets of the Council and are capitalized in accordance with Title 39:329 of the Louisiana Revised Statutes. Movable property is valued at historical acquisition cost except where otherwise noted. No depreciation has been provided for any general fixed assets and presentation of this account information is not intended to purport them as available resources for present or future Council operations. The dollar value of movable assets as of December 31, 1995 amounts to \$84,233.

VERNON COMMUNITY ACTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Summary of Significant Accounting Policies (Continued)

Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Council's financial position and operations. However, presentation of comparative data by fund type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Income Taxes

The Council is exempt from Federal Income Tax as a non-profit organization under Section 501 (c) (3) of the Internal Revenue Code. The laws of the State of Louisiana also exempt the corporation from income taxation.

Funding Policies

The Council receives their monies through basically three methods of funding. Most of the funds are obtained on a grant basis. Under this method funds are received on a monthly allocation of the total budget in advance of the actual expenditure.

The Council also receives funds as a reimbursement of actual expenditures. The other method by which the Council receives funding is through contributions from local public and private sources.

Note 2 - Cash Collateral

As of December 31, 1995, cash held by the Vernon Community Action Council, Inc. was secured in full by FDIC (Federal Depositors Insurance Corporation) insurance at the financial institution where deposited.

Note 3 - Contract Receivables

As of December 31, 1995, contract receivables consisted of the following:

Office of Women's Services	\$ 4,911
Crime Victims' Assistance (CVA)	9,151
Children's Trust Fund (CTF)	398
CSBG - Homeless	866
Emergency Shelter Grant Program (ESGP)	3,591
CSBG	6,568
Medicaid	7,089
Americorp	<u>2,099</u>
Total	<u>\$34,673</u>

These amounts were collected in full subsequent to December 31, 1995.

VERNON COMMUNITY ACTION COUNCIL, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 4--Interfund Receivables/Payables

Individual amounts due from/to other funds at December 31, 1995 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund (Local Fund)	\$31,272	\$12,011
CSBG - Homeless	---	370
ESGP	---	2,525
Emergency Food and Shelter	---	74
Office of Women's Services	---	4,816
Section 811	---	2,681
CVA - 10/1/94 - 9/30/95	---	5,262
CVA - 10/1/95 - 9/30/96	---	3,597
Medicaid	---	6,073
Children's Trust Fund	---	18
CSBG	---	4,071
Americorp	---	1,785
LIHEAP Energy Assistance	180	---
Transitional Housing	7,163	---
IOLTA	1,193	---
HPG	<u>3,475</u>	<u>---</u>
Totals	<u>\$43,283</u>	<u>\$43,283</u>

Note 5--Programs' Fiscal Year-Ends

The programs included in this audit report as of December 31, 1995 have various fiscal year-ends. Therefore, no budgeted versus actual expenditures comparison is shown because of such inconsistencies in the accounting periods.

Note 6--Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance September 30, 1994	<u>Additions</u>	<u>Retirements</u>	Balance December 31, 1995
Equipment and Building	<u>\$ 84,233</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 84,233</u>

VERNON COMMUNITY ACTION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 7--Transfers In/Out

During the fiscal year ended December 31, 1995, transfers in/out from the respective funds were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Local Fund	\$ 809	\$ (12,374)
Commodities	322	---
Crime Victims' Assistance (CVA) - Public Support	706	---
Medicaid	---	(809)
LIHEAP Energy Assistance	175	---
LIHEAP Weatherization	109	---
CHDO	<u>11,062</u>	<u>---</u>
Totals	<u>\$ 13,183</u>	<u>\$ (13,183)</u>

SUPPLEMENTAL DATA

VERNON COMMUNITY ACTION COUNCIL, INC.

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GENERAL REVENUE FUNDS
 For the Fifteen Months Ended December 31, 1995

	<u>Local</u>	<u>Helpline</u>	<u>Misc. Grant</u>	<u>Totals</u>
<u>REVENUES</u>				
Intergovernmental	\$ ---	\$ ---	\$ ---	\$ ---
Public support	4,828	8,974	---	13,802
Interest	664	---	---	664
Miscellaneous	---	---	---	---
Total revenues	<u>5,492</u>	<u>8,974</u>	<u>---</u>	<u>14,466</u>
<u>EXPENDITURES</u>				
Salaries	---	---	---	---
Fringe benefits	449	---	---	449
Travel	26	---	---	26
Operating services	2,668	3,382	398	6,448
Operating supplies	2,633	1,590	---	4,223
Other costs	4,696	1,113	---	5,809
Capital outlay	---	---	---	---
Total expenditures	<u>10,472</u>	<u>6,085</u>	<u>398</u>	<u>16,955</u>
Excess of revenues over (under) expenditures	(4,980)	2,889	(398)	(2,489)
Other financing sources (uses):				
Transfers in	809	---	---	809
Transfers out	(12,374)	---	---	(12,374)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(16,545)	2,889	(398)	(14,054)
Fund balances, beginning of year	<u>29,113</u>	<u>6,232</u>	<u>398</u>	<u>35,743</u>
Fund balances, end of year	<u>\$12,568</u>	<u>\$ 9,121</u>	<u>\$ ---</u>	<u>\$21,689</u>

VERNON COMMUNITY ACTION COUNCIL, INC.

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS
For the Fifteen Months Ended December 31, 1995

	<u>Medicaid</u>	<u>CSBG Homeless</u>	<u>Commodities</u>	<u>Emergency Food and Shelter</u>
<u>REVENUES</u>				
Intergovernmental	\$19,066	\$ 6,999	\$ 3,084	\$25,941
Public support	---	---	---	---
Interest	---	---	---	14
Miscellaneous	<u>6,626</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total revenues	<u>25,692</u>	<u>6,999</u>	<u>3,084</u>	<u>25,955</u>
<u>EXPENDITURES</u>				
Salaries	20,663	1,169	877	---
Fringe	1,724	128	66	---
Travel	1,230	---	28	---
Operating services	877	4,322	2,196	22,716
Operating supplies	389	---	239	---
Other costs	---	1,380	---	519
Facilities	---	---	---	---
Equipment	---	---	---	---
Capital outlay	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total expenditures	<u>24,883</u>	<u>6,999</u>	<u>3,406</u>	<u>23,235</u>
Excess of revenues over (under) expenditures	<u>809</u>	<u>---</u>	<u>(322)</u>	<u>2,720</u>
Other financing sources (uses):				
Transfers in	---	---	322	---
Transfers out	(809)	---	---	---
Refunds to funding agencies	<u>---</u>	<u>---</u>	<u>---</u>	<u>(2,720)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Fund balances, beginning	<u>---</u>	<u>---</u>	<u>---</u>	<u>6</u>
Fund balances, ending	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 6</u>

VERNON COMMUNITY ACTION COUNCIL, INC.

COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS (CONTINUED)
For the Fifteen Months Ended December 31, 1995

	OFFICE OF WOMEN'S SERVICES		CHILDREN'S TRUST FUND	
	7/1/94 - 6/30/95	7/1/95 - 6/30/96	7/1/94 - 6/30/95	7/1/95 - 6/30/96
<u>REVENUES</u>				
Intergovernmental	\$ 21,449	\$ 9,234	\$ 8,011	\$ 2,037
Public support	---	---	---	---
Interest	---	---	---	---
Miscellaneous	---	---	---	---
Total revenues	<u>21,449</u>	<u>9,234</u>	<u>8,011</u>	<u>2,037</u>
<u>EXPENDITURES</u>				
Salaries	11,845	7,432	5,580	1,800
Fringe benefits	1,988	520	604	209
Travel	2,344	338	362	---
Operating services	3,492	1,227	250	75
Operating supplies	395	---	---	---
Other costs	1,376	362	835	---
Facilities	---	---	---	---
Equipment	---	---	---	---
Capital outlay	---	---	---	---
Total expenditures	<u>21,440</u>	<u>9,879</u>	<u>7,631</u>	<u>2,084</u>
Excess of revenues over (under) expenditures	<u>9</u>	<u>(645)</u>	<u>380</u>	<u>(47)</u>
Other financing sources (uses):				
Transfers in	---	---	---	---
Transfers out	---	---	---	---
Refunds to funding agencies	---	---	---	---
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>9</u>	<u>(645)</u>	<u>380</u>	<u>(47)</u>
Fund balance, beginning	---	---	---	---
Fund balance, ending	<u>\$ 9</u>	<u>\$ (645)</u>	<u>\$ 380</u>	<u>\$ (47)</u>

Schedule 2
(continued)

Crime Victim's Assistance		LINEAP Weather.	LIHEAP Energy Assistance	Transitional Housing		ESGP
10/1/94 - 9/30/95	10/1/95 - 9/30/96			6/1/94 - 5/31/95	6/1/95 - 5/31/96	
\$ 17,450	\$ 3,162	\$ 55,368	\$ 65,329	\$ 34,045	\$ 24,684	\$21,592
608	---	---	---	2,801	1,414	---
---	---	---	---	---	---	---
---	---	---	675	185	---	---
<u>18,058</u>	<u>3,162</u>	<u>55,368</u>	<u>66,004</u>	<u>37,031</u>	<u>26,098</u>	<u>21,592</u>
9,629	2,407	18,287	---	20,942	18,442	2,300
2,809	248	1,878	22	2,713	2,873	237
237	40	308	168	214	425	---
4,914	725	7,701	64,832	14,489	10,545	14,776
584	---	26,724	977	---	1,613	3,283
1,516	425	579	---	30	---	---
---	---	---	---	---	---	---
---	---	---	---	---	---	---
---	---	---	---	---	---	---
<u>19,689</u>	<u>3,845</u>	<u>55,477</u>	<u>65,999</u>	<u>38,388</u>	<u>33,898</u>	<u>20,596</u>
(1,631)	(683)	(109)	5	(1,357)	(7,800)	996
706	---	109	175	---	---	---
---	---	---	---	---	---	---
---	---	---	---	---	---	---
(925)	(683)	---	180	(1,357)	(7,800)	996
925	---	---	---	13,874	---	---
<u>\$ ---</u>	<u>\$ (683)</u>	<u>\$ ---</u>	<u>\$ 180</u>	<u>\$ 12,517</u>	<u>\$ (7,800)</u>	<u>\$ 996</u>

Schedule 2
(Concluded)

IOLTA		HOUSING PRESER. GRANT	CSBG	CHDO	SECTION 811	RYKA ROSE	AMERIC.	TOTAL SPECIAL REVENUE FUND
10/1/94- 9/30/95	10/1/95- 9/30/96							
\$ ---	\$ 16,127	\$ 40,330	\$119,123	\$26,106	\$ ---	\$1,500	\$ 2,342	\$522,979
---	---	---	---	---	---	---	---	4,823
---	---	365	---	---	---	---	---	379
---	---	---	---	---	---	---	---	7,486
---	16,127	40,695	119,123	26,106	---	1,500	2,342	535,667
2,880	12,520	---	76,835	4,575	---	---	1,677	219,860
296	3,034	---	12,453	1,016	---	---	---	32,818
47	275	11	1,100	391	89	---	243	7,850
---	468	60,213	21,402	31,186	11,592	58	61	278,117
---	---	40	3,614	---	---	---	---	37,858
459	---	---	3,719	---	3,000	1,442	177	15,819
---	---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---	---
3,682	16,297	60,264	119,123	37,168	14,681	1,500	2,158	592,322
(3,682)	(170)	(19,569)	---	(11,062)	(14,681)	---	184	(56,655)
---	---	---	---	11,062	---	---	---	12,374
---	---	---	---	---	---	---	---	(809)
---	---	(3,858)	---	---	---	---	---	(6,578)
(3,682)	(170)	(23,427)	---	---	(14,681)	---	184	(51,668)
3,682	---	23,427	---	---	---	---	---	41,914
\$ ---	\$ (170)	\$ ---	\$ ---	\$ ---	\$ (14,681)	\$ ---	\$ 184	\$ (9,754)

VERNON COMMUNITY ACTION COUNCIL, INC.
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Period Ended December 31, 1995

- (1) Listed below is a summary of the data for grants awarded during the period covered by my examination:

<u>Federal Catalog Number</u>	<u>Program Title</u>
13.792	Community Services Block Grant
13.792	CSBG - Homeless (5-1-94 to 12-31-95)
81.042	LIHEAP Weatherization (4-1-94 to 3-31-95)
13.790	LIHEAP Energy Assistance
83.503	Emergency Food & Shelter
10.433	Housing Preservation (1-1-94 to 12-31-94)
14.178	Transitional Housing (6-1-94 to 5-31-95)
14.178	Transitional Housing (6-1-95 to 5-31-96)
16.575	Crime Victims Assistance (10-1-94 to 9-30-95)
16.575	Crime Victims Assistance (10-1-95 to 9-30-96)
14.231	Emergency Shelter Grants Program
14.239	Community Housing Development Organization
14.181	Section 811 Supportive Housing
Not avail.	Americorp

Totals

- (2) Scope of Audit Pursuant to the Single Audit Act of 1984 and OMB Circular A-133.

All federal grant receipts of the Vernon Community Action Council, Inc. are included in the scope of the OMB Circular A-133 (the "Single Audit").

- (3) Summary of Significant Accounting Policies

The above statement of grant data has been prepared on the accrual basis of accounting.

Schedule 3

<u>Grants Awarded</u>	<u>Revenues Recognized</u>	<u>Expenditures</u>
\$ 119,123	\$119,123	\$119,123
8,651	6,999	6,999
63,121	55,368	55,368
65,329	66,004	65,999
25,941	25,941	25,941
95,330	40,695	40,695
49,359	37,031	37,031
49,359	26,098	26,098
17,450	18,058	18,058
14,992	3,162	3,162
35,811	21,592	20,596
50,000	26,106	26,106
514,300	----	14,681
<u>73,016</u>	<u>2,342</u>	<u>2,158</u>
<u>\$1,181,782</u>	<u>\$448,519</u>	<u>\$462,015</u>

Schedule 4

VERNON COMMUNITY ACTION COUNCIL, INC.

COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS
December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
General fixed assets:		
Land	\$ 4,000	\$ 4,000
Building	39,000	39,000
Equipment	<u>41,233</u>	<u>41,233</u>
Total general fixed assets	<u>\$ 84,233</u>	<u>\$ 84,233</u>
Investment in general fixed assets by source:		
Special revenue funds	\$ 58,397	\$ 58,397
Local funds	5,802	5,802
Donations	<u>20,034</u>	<u>20,034</u>
Total investment in general fixed assets	<u>\$ 84,233</u>	<u>\$ 84,233</u>

VERNON COMMUNITY ACTION COUNCIL, INC.

COMPENSATION OF BOARD MEMBERS
For the Fifteen Months Ended December 31, 1995

During the period covered by my examination, there were no payments made to or on behalf of board members.

VERNON COMMUNITY ACTION COUNCIL, INC.

FINDINGS AND QUESTIONED COSTS
For the Fifteen Months Ended December 31, 1995

There were no questioned costs for the fifteen months ended December 31, 1995.

VERNON COMMUNITY ACTION COUNCIL, INC.

EXIT CONFERENCE

For the Fifteen Months Ended December 31, 1995

An exit conference was held with Vernon Community Action Council, Inc., on July 2, 1996. The following people were in attendance:

W. Micheal Elliott, CPA - Elliott & Assc., Inc.
Melanie Lindsey, Staff Accountant - Elliott & Assc., Inc.
David Hudgens, Executive Director - VCAC
Tania Parker, Chief Accountant - VCAC