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VERNON PARISH
COUNCIL ON AGING, INC.
LEESVILLE, LOUISIANA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
June 30, 1996

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 APR 02 1997

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ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

P. O. Box 1287

Leesville, Louisiana 71496-1287

(318) 239-2535
(318) 238-5135
Fax 239-2295

W. Micheal Elliott, CPA

Report of Independent Public Accountant

Board of Directors
Vernon Parish Council on Aging, Inc.
Leesville, Louisiana:

I have audited the accompanying general purpose financial statements of the Vernon Parish Council on Aging, Inc. as of and for the year ended June 30, 1996, as listed in the table of contents. These financial statements are the responsibility of the Vernon Parish Council on Aging, 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-128, "Audits of State and Local Governments." 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.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vernon Parish Council on Aging, Inc. at June 30, 1996, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 14, the Council has substantially depleted its general fund balance surplus over the last two years and has also substantially increased its debt burden. The general purpose financial statements do not include any adjustment relating to the amounts and classification of liabilities that might be necessary if the Council is not able to meet its debts as they come due or if such debts are adjusted under the provisions of chapter 9 of the Federal Bankruptcy Code.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the Vernon Parish Council on Aging, Inc. 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 Parish Council on Aging, 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.

Because generally accepted accounting principles require the presentation of fund types and account groups, the information in the total memorandum-only column is not intended to present the financial position and results of operation of the Vernon Parish Council on Aging, Inc., in conformity with generally accepted accounting principles; however, in my opinion it is fairly stated in all material respects in relation to the general purpose financial statements from which it has been derived.

Elliott + Assoc. "APAC"
Leesville, Louisiana
December 30, 1996

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Leesville, Louisiana:

I have audited the general purpose financial statements of the Vernon Parish Council on Aging, Inc., as of and for the period ended June 30, 1996, and have issued my report thereon dated December 30, 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-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit of the general purpose financial statements of the Vernon Parish Council on Aging, Inc., for the period ended June 30, 1996, 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 Parish Council on Aging, 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 general purpose 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/Revenue
Disbursements/Expenditures
Payroll

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 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. 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
December 30, 1996

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I have audited the general purpose financial statements of the Vernon Parish Council on Aging, Inc., as of and for the year ended June 30, 1996 and have issued my report thereon dated December 30, 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-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit for the year ended June 30, 1996, I considered the Council's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the assurance on the internal control structure policies and procedures relevant to our audit of the general purpose financial statements.

The management of Vernon Parish Council on Aging, 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 objective 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 general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance 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 structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls	Administrative Controls	
	General Requirements	Specific Requirements
Receipts/Revenues	Political Activity	Eligibility
Disbursements/ Expenditures/ Payroll	Civil Rights Cash management	Types of services allowed or un- allowed
	Federal Financial Reports Allowable costs/ Cost Principle Drug-Free Work place Act Administrative Requirements	Matching, level of effort, or earmarking Amounts claimed or used for matching Reporting Claims for Advance ment and Re- imbursement Special Provisions

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

During the year ended June 30, 1996, the Vernon Parish Council on Aging, Inc. had no major federal financial assistance programs.

I performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I have 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 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.

However, my study and evaluation disclosed no condition that I believe to be a material weakness in relation to any federal or non-federal assistance program of the Vernon Parish Council on Aging, Inc. The Council has a limited number of employees, thus limiting segregation of duties. However, this factor was considered in my analysis and judgment of internal control.

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

Elliott & Assoc. "APAC"

Leesville, Louisiana
December 30, 1996

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Board of Directors
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Leesville, Louisiana:

I have audited the general purpose financial statements of the Vernon Parish Council on Aging, Inc., as of and for the period ended June 30, 1996, and have issued my report thereon dated December 30, 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-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Vernon Parish Council on Aging, Inc. is the responsibility of Vernon Parish Council on Aging, Inc.'s management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of Vernon Parish Council on Aging, 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.

Material instances of noncompliance are failure to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts or grants, that cause me to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of my tests of compliance did not disclose material instances of noncompliance.

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Board of Directors
Vernon Parish Council on Aging, Inc.
Leesville, Louisiana

I have audited the general purpose financial statements of the Vernon Parish Council on Aging, Inc., as of and for the year ended June 30, 1996, and have issued my report thereon dated December 30, 1996.

In connection with my audit of the 1996 general purpose financial statements of the Vernon Parish Council on Aging, Inc. and with consideration of the Council's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", I selected certain transaction applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, and reimbursements; special provisions; and amounts claimed or used for matching 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 Council's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those 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 Vernon Parish Council on Aging, Inc. had not complied, in all material respects, with those requirements.

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I have audited the general purpose financial statements of the Vernon Parish Council on Aging, Inc., as of and for the year ended June 30, 1996, and have issued my report thereon dated December 30, 1996.

I have applied procedures to test the Vernon Parish Council on Aging, Inc.'s compliance with the following requirement applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended June 30, 1996: Political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act and administrative requirements.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion of Vernon Parish Council on Aging, 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 material 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 Parish Council on Aging, Inc. had not complied, in all material respects, with those requirements.

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

Elliott & Assoc. "APAC"
Leesville, Louisiana
December 30, 1996

VERNON COUNCIL ON AGING, INC.
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
 June 30, 1996
 (With comparative totals for June 30, 1995)

	Governmental Fund Types	
	General	Special Revenue
<u>ASSETS</u>		
Cash (Note 3)	\$ 4,389	\$ ---
Due from other governments (Note 6)	10,785	17,483
Due from other funds	17,899	---
Prepaid expenditures	---	6,098
Vehicles (Note 9)	---	---
Furniture and equipment (Note 9)	---	---
Land and buildings (Note 10)	---	---
Restricted asset (Notes 3 and 4):		
Cash	7,346	31,826
Amount to be provided for retirement of general long-term obligations(Notes 8/11)	---	---
 Total assets	 <u>\$40,419</u>	 <u>\$ 55,407</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 3,749	\$ 5,387
Refunds due to funding agencies	---	---
Payroll taxes payable	1,574	---
Annual leave payable (Note 8)	---	---
Due to other funds	---	17,899
Mortgage payable (Note 11)	---	---
 Total liabilities	 <u>5,323</u>	 <u>23,286</u>
<u>FUND EQUITY</u>		
Investment in general fixed assets (Note 9)	---	---
Fund balance (Note 14):		
Reserved for energy assistance (Note 10)	---	5,311
Unreserved:		
Designated-endowment fund	---	26,515
Undesignated	35,096	295
Total fund balance	<u>35,096</u>	<u>32,121</u>
 Total fund equity	 <u>35,096</u>	 <u>32,121</u>
 Total liabilities and fund equity	 <u>\$ 40,419</u>	 <u>\$ 55,407</u>

Exhibit A

Account Groups		Totals	
General Fixed Assets	General Long-Term Obligations	(Memorandum Only)	
		1996	1995
\$ ---	\$ ---	\$ 4,389	\$ 50,580
---	---	28,268	36,508
---	---	17,899	19,825
---	---	6,098	---
167,933	---	167,933	120,215
107,026	---	107,026	105,411
343,029	---	343,029	259,482
---	---	39,172	68,345
---	230,652	230,652	179,373
<u>\$ 617,988</u>	<u>\$230,652</u>	<u>\$ 944,466</u>	<u>\$ 839,739</u>
\$ ---	\$ ---	\$ 9,136	\$ 8,578
---	---	---	44
---	---	1,574	1,259
---	12,981	12,981	14,925
---	---	17,899	19,825
---	217,671	217,671	164,448
---	230,652	259,261	209,079
---	---	---	---
<u>617,988</u>	---	<u>617,988</u>	<u>485,108</u>
---	---	5,311	5,357
---	---	26,515	25,924
---	---	35,391	114,271
---	---	67,217	145,552
<u>617,988</u>	---	<u>685,205</u>	<u>630,660</u>
<u>\$ 617,988</u>	<u>\$230,652</u>	<u>\$ 944,466</u>	<u>\$ 839,739</u>

The accompanying notes are an integral part of this statement.

VERNON COUNCIL ON AGING, INC.
COMBINED STATEMENT OF REVENUES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES

For the Fiscal Year Ended June 30, 1996

(With comparative totals for the fiscal year ended June 30, 1995)

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>	
			<u>1996</u>	<u>1995</u>
<u>REVENUES</u>				
Intergovernmental	\$ 11,779	\$ 359,886	\$ 371,665	\$ 378,617
Public support	41,629	---	41,629	49,376
Interest income	774	591	1,365	3,771
In-kind contributions	---	25,000	25,000	16,230
Miscellaneous	56,468	26,044	82,512	63,665
	<u>110,650</u>	<u>411,521</u>	<u>522,171</u>	<u>511,659</u>
<u>EXPENDITURES</u>				
Current:				
Salaries	8,693	186,629	195,322	194,002
Fringe	1,835	32,614	34,449	22,714
Travel	3,410	10,796	14,206	18,374
Operating services	15,605	104,026	119,631	116,479
Operating supplies	14,731	11,297	26,028	20,348
Other costs	2,201	6,716	8,917	28,734
Nutrition	---	90,910	90,910	71,993
In-kind expenses	---	25,000	25,000	25,110
Capital outlay	118,434	4,453	122,887	37,250
Principal payments	171,777	---	171,777	10,552
Interest expense	16,379	---	16,379	14,182
	<u>353,065</u>	<u>472,441</u>	<u>825,506</u>	<u>559,738</u>
Excess of revenues over (under) expenditures	<u>(242,415)</u>	<u>(60,920)</u>	<u>(303,335)</u>	<u>(48,079)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	53,419	160,998	214,417	164,739
Operating transfers out	(115,179)	(99,238)	(214,417)	(164,767)
Loan proceeds	225,000	---	225,000	---
Refund to funding agency	---	---	---	(44)
Excess of revenues and other sources over (under) ex- penditures and other uses	(79,175)	840	(78,335)	(48,151)
<u>FUND BALANCES</u>				
Beginning of year	<u>114,271</u>	<u>31,281</u>	<u>145,552</u>	<u>193,703</u>
End of year	<u>\$ 35,096</u>	<u>\$ 32,121</u>	<u>\$ 67,217</u>	<u>\$ 145,552</u>

The accompanying notes are an integral part of this statement.

VERNON COUNCIL ON AGING, INC.
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL - SPECIAL REVENUE FUND TYPE

For the Fiscal Year Ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable) (Note 1)</u>
<u>REVENUES</u>			
Intergovernmental	\$ 277,650	\$ 359,886	\$ 82,236
Public support	16,500	16,941	441
In-Kind contributions	25,000	25,000	---
Miscellaneous	---	9,694	9,694
	<u>319,150</u>	<u>411,521</u>	<u>92,371</u>
<u>EXPENDITURES</u>			
Current:			
Salaries	197,971	186,629	11,342
Fringe	25,795	32,614	(6,819)
Travel	9,575	10,796	(1,221)
Operating services	95,520	104,026	(8,506)
Operating supplies	5,904	11,297	(5,393)
Other costs	5,088	6,716	(1,628)
Nutrition costs	72,000	90,910	(18,910)
In-Kind contributions	25,000	25,000	---
Capital outlay	4,453	4,453	---
	<u>441,306</u>	<u>472,441</u>	<u>(31,135)</u>
Excess of revenues over (under) expenditures	<u>(122,156)</u>	<u>(60,920)</u>	<u>61,236</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	99,062	160,998	61,936
Operating transfers out	<u>(72,938)</u>	<u>(99,238)</u>	<u>(26,300)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(96,032)	840	96,872
<u>FUND BALANCES</u>			
Beginning of year	<u>31,281</u>	<u>31,281</u>	<u>---</u>
End of year	<u>\$ (64,751)</u>	<u>\$ 32,121</u>	<u>\$ 96,872</u>

The accompanying notes are an integral part of this statement.

VERNON PARISH COUNCIL ON AGING, INC
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND TYPE

For the Fiscal Year Ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Intergovernmental	\$ 11,779	\$ 11,779	\$ ---
Public support	50,000	41,629	(8,371)
Interest income	---	774	774
Miscellaneous	<u>55,500</u>	<u>56,468</u>	<u>968</u>
Total revenues	<u>117,279</u>	<u>110,650</u>	<u>(6,629)</u>
<u>EXPENDITURES</u>			
Current:			
Salaries	10,000	8,693	1,307
Fringe	2,000	1,835	165
Travel	3,300	3,410	(110)
Operating services	16,000	15,605	395
Operating supplies	15,025	14,731	294
Other costs	2,500	2,201	299
Capital outlay	85,000	118,434	(33,434)
Principal payments	170,000	171,777	(1,777)
Interest expense	<u>17,000</u>	<u>16,379</u>	<u>621</u>
Total expenditures	<u>320,825</u>	<u>353,065</u>	<u>(32,240)</u>
Excess of revenues over (under) expenditures	(203,546)	(242,415)	(38,869)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	52,438	53,419	981
Operating transfers out	(113,070)	(115,179)	(2,109)
Loan proceeds	<u>---</u>	<u>225,000</u>	<u>225,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	(264,178)	(79,175)	185,003
<u>FUND BALANCES</u>			
Beginning of year	<u>114,271</u>	<u>114,271</u>	<u>---</u>
End of year	<u>\$(149,907)</u>	<u>\$ 35,096</u>	<u>\$185,003</u>

The accompanying notes are an integral part of this statement.

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

Note 1 - Nature of the Business and Summary of Significant Accounting Policies

Nature of the business:

Organizational purposes:

The Vernon Parish Council on Aging, Inc. was incorporated in May, 1982. The basic purposes of the Organization are as follows:

- A. To afford an avenue for working out a more complete understanding of the problems, interests and desires of the elderly people of Vernon Parish.
- B. To develop plans for counseling the elderly about the problems of aging and to implement such plans.
- C. To develop and implement plans whereby people who need to supplement their retirement income or those who wish to do so will be able to earn an income by their own efforts.
- D. To develop and implement plans for the improvement of health, social and recreational welfare of elderly people.
- E. To collect facts and statistics and make special studies of conditions pertaining to employment, health, financial status, recreation, social adjustment and other conditions affecting the welfare of the elderly of Vernon Parish and to interpret such findings and make recommendations for improvement to the Governor's Office of Elderly Affairs.

Significant Accounting Policies:

Financial reporting entity:

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

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (Continued)

Statement of Presentation:

The accompanying financial statements conform to generally accepted accounting principles for local government units as prescribed by Statement 1, Governmental Accounting and Financial Reporting Principles published by the National Council on Governmental Accounting; Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; Section 800 - Fiscal Requirements, Appendix A, accounting manual for Office of Elderly Affairs Contractors; and, the revised Louisiana Municipal Audit and Accounting Guide.

Organization:

The local councils on the aging were created under Act No. 456 of 1964 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 corporation which must comply with the policies and regulations established by the Governor's Office of Elderly Affairs and any other entity that provides the Council with federal or state funds.

Fund Accounting:

The accounts of the Vernon Parish Council on Aging, 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.

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (Continued)

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. The following are the Council's governmental fund types:

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 (state or local) from which they are derived.

The following types of funds comprise the Council's General Fund:

Local

Local funds are received from various local sources. These funds are not restricted to any special use.

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 these "Act 735" funds at its discretion.

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:

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (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 to the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. These funds are used to provide nutritional congregate meals to the elderly in strategically located centers.

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 "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.

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 to the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. These funds are used to provide nutritional meals to home-bound older persons.

Audit Fund

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements.

Title III-F

The Title III-F Fund is used to account for funds used for disease prevention and health promotion activities including (1) equipment and materials (scales to weigh people, educational materials, and exercise equipment), (2) home injury control, (3) medication management, (4) mental health, (5) nutrition (assessment/screening, counseling, and education). The law directs the state agency administering this program to "give priority to

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (Continued)

areas of the state which are medically underserved and in which there are a large number of older individuals who have the greatest economic and social need." Title III-F funds are provided by the U.S. Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

Title III-C-1 Area Agency Administration Fund

Title III-C-1 Area Agency Administration Fund is used to account for the administration of Special Programs for the Aging. Title III-C-1 area agency administrative 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. These funds are used to pay for administrative costs associated with the Title III and Senior Center programs.

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 provides access services, in-home services, community services, legal assistance, and transportation for the elderly.

Title III-D Fund

Title III-D Fund is used to account for funds which are used to provide In-Home Services to the frail and elderly person who is home-bound. Title III-D funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (Continued)

USDA Cash-in-lieu of Commodities

The USDA Fund is used to account for the administration of the Food Distribution Program funds provided by the United States Department of Agriculture through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This program reimburses the service provider on a per unit basis for each congregate and home-delivered meal served to an eligible participant so that United States food and commodities may be purchased to supplement these programs.

Section 18

Section 18 funds are provided by the United States Department of Transportation through the Louisiana Department of Transportation and Development. Funds received by the Council are based on actual operating costs of providing transportation services to rural residents with Cameron Parish. The transportation portion of in-kind contributions is an allowed cost for purposes of requesting reimbursement under this program. Because money received under this program is for reimbursement of costs previously incurred, the Council can use these funds for discretionary purposes. This is why these Section 18 funds are recorded in the Council's special revenue funds.

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (Continued)

Budgets and budgetary information:

The Council follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Governor's Office of Elderly Affairs "OEA" - State of Louisiana notifies the Council each year as to the funding levels for each program grant.
2. The Executive Director prepares a proposed budget based on the funding levels provided by OEA and then submits the budget to the Board of Directors for approval.
3. The Board of Directors reviews and adopts the budget prior to June 30 each year.
4. The adopted budget is forwarded to the Governor's Office of Elderly Affairs 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 original appropriations.
7. Expenditures cannot legally exceed appropriations on an individual fund level.

The Louisiana Governor's Office of Elderly Affairs does not require the fund to adopt a budget for the Energy Assistance Fund.

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

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Nature of the Business and Summary of Significant Accounting Policies (Continued)

principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Fixed Assets:

All items of property, plant and equipment are recorded as expenditures when purchased and are accounted for in the General Fixed Assets group of accounts. Such assets are maintained on a basis of original cost or estimated original cost if original cost is not available and no depreciation is computed or recorded thereon. Donated fixed assets are stated at their estimated fair market value on the date donated.

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.

Annual and Sick Leave:

The Council's liability for accumulated unpaid employee compensated absences has been recorded in the general long-term debt group of accounts. These amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees. The Council's sick leave policy does not provide for the vesting of sick leave.

Note 2 - Funding Policies and Sources of Funds

The Council receives its monies through various methods of funding. Most of the funds are received on a grant basis from the Governor's Office of Elderly Affairs. Under this method funds are received as needed or on a monthly or quarterly allocation of the total budget (grant) in advance of the actual expenditure. The following programs are handled in this manner: Title III-B, Title III-C-1 and Title III-C-2, Senior Center, State Allocation funds (Act 735), Title III-D In-Home Services, Title III-F Preventive Health, and USDA Cash-

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Funding Policies and Sources of Funds (Continued)

in-Lieu of Commodities.

The Council receives contributions from several utility companies for energy assistance payments for elderly participants. The Council also receives proceeds from charitable gaming. The Council uses the proceeds of the gaming operations to help defray cost of its other services.

The Council encourages and receives contributions from clients to help offset the costs of programs.

Note 3 - Cash Collateral

At year end, the carrying amount of the Council's deposits was \$43,561 and the bank balance was \$62,443. Of the bank balance, \$62,443 was covered by federal depository insurance.

Note 4 - Restricted Assets

At June 30, 1996, restricted assets consisted of the following:

Energy assistance monies	\$ 5,311
Endowment fund	26,515
Certificates of deposit:	
Reserved for housing development	<u>7,346</u>
Total restricted assets	<u>\$39,172</u>

Note 5 - In-Kind Contributions

The Vernon Parish Council on Aging, Inc. received various in-kind contributions during the period under audit which have been valued at their estimated fair market value and presented in this report as revenue. Related expenses equal to the in-kind revenues have also been presented, thereby producing no effect on net income.

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6 - Due from Other Governments

The following amounts were due from other governments at June 30, 1996:

Governor's Office of Elderly Affairs:	
USDA	\$ 8,225
DOTD-Section 18 Transportation	9,258
Department of Health and Human Resources - Medicaid	3,440
Office of Family Services - Project Independence	<u>7,345</u>
Total	<u>\$28,268</u>

Note 7 - Transfers In (Out)

These amounts represent transfers from various funds including Act 735 State Fund and the Local Contributions Fund to various other funds to supplement current year programs:

Fund	Transfers	
	In	Out
Miscellaneous Grant	\$ ---	\$ 4,500
USDA Cash-in-Lieu of Commodities	---	27,625
Act 735 State Funds	---	11,779
Senior Olympics	981	---
III-C-1-AAA	3,540	---
Audit	3,258	---
Senior Center	11,413	---
Local Fund	52,438	103,400
III-D	1,558	---
Section 18- Transportation	---	52,438
C-1 Fund	74,628	---
C-2 Fund	66,601	---
Medicaid	---	<u>14,675</u>
	<u>\$214,417</u>	<u>\$214,417</u>

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 8 - Annual Leave and Sick Pay

Sick pay is not vested and, therefore, is not recorded as a liability and not expensed until taken. There is no obligation to pay if an employee terminates. Each employee is entitled to twelve sick days per year.

Annual leave is based on the number of years of service and is earned as follows:

First year	12 days
Four to nine years	18 days
Ten years or more	24 days

Annual leave can be accrued up to a maximum of twenty-four (24) working days, and must be taken by employees who have worked the required amount of time, no later than June 30, of the current fiscal year; up to 30 days annual leave can be carried over from the fiscal year (July 1 to June 30).

At June 30, 1996, there was \$12,981 accrued in annual leave payable for all of the Council employees.

Note 9 - Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
Land and buildings	\$ 259,482	\$ 83,547	\$ ---	\$ 343,029
Vehicles	120,215	87,679	(39,961)	167,933
Furniture and equipment	105,411	9,340	(7,725)	107,026
Totals	<u>\$ 485,108</u>	<u>\$180,566</u>	<u>\$ (47,686)</u>	<u>\$ 617,988</u>

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 10 - Changes in Reserves or Designation of Fund Balance

The following schedule indicates changes in reserves or designation of fund balance for the year ended June 30, 1996:

Energy Assistance Fund:	
Balance at June 30, 1995	\$ 5,358
Excess (deficiency) of revenues over expenditures	_____ (47)
Balance at June 30, 1996	<u>\$ 5,311</u>

Note 11 - General Long-Term Obligations

The following is a summary of transactions relating to the Council's long-term debt during the fiscal year ended June 30, 1996:

	Balance July 1, <u>1995</u>	<u>Principal</u>		Balance June 30, <u>1996</u>
		<u>Additions</u>	<u>Reductions</u>	
Mortgage payable	<u>\$164,448</u>	<u>\$ 225,000</u>	<u>\$(171,777)</u>	<u>\$217,671</u>

During the fiscal year ended June 30, 1996, the Council refinanced the prior year mortgage and borrowed additional proceeds to finance further improvements at the Vernon Council on Aging building complex. The amount of the original mortgage remaining that was rolled into the new mortgage was \$159,321; also, an additional \$65,681 in new proceeds was borrowed for a total new mortgage in the amount of \$225,000.

The new mortgage requires \$3,134 in monthly payments at 8.50% interest with a maturity date of June 15, 2004. The Council utilizes rental allocations from an affiliated agency (Vernon Community Action Council) and other state budget allocations from Title III-C-1 and C-2 to finance the debt service.

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 11 - General Long-Term Obligations

Long-term debt consists of the following:

Mortgage payable--due in monthly installments
of \$3,134 including interest at 8.50%-secured
by building

\$217,671

The annual principal requirements to amortize all debt
outstanding follows:

<u>Fiscal year ended</u> <u>June 30,</u>	<u>Amount</u>
1997	\$ 15,670
1998	37,609
1999	37,609
2000	37,609
2001	37,609
2002 - 2004	<u>150,434</u>
Total	<u>\$316,540</u>

Included in the above maturities is \$98,869 in scheduled
interest expense.

VERNON COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 12 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, some board members were reimbursed for expenses incurred in conducting Council related activities.

Note 13 - 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. The Council has filed all necessary tax forms through the current fiscal year ended June 30, 1996.

Note 14 - Going Concern Discussion

It has been determined that based upon the following factors, the Council should be classified as a "going concern":

- Depletion of the general fund type fund balance from \$160,563 at June 30, 1994 to \$35,096 at June 30, 1996;
- Substantial construction costs on building renovation above estimated cost causing increase in monthly debt service from \$2,061 to \$3,134 and additional \$65,681 in borrowing in fiscal year ended June 30, 1996;
- Increasing reliance upon GOEA funding to pay monthly overhead due to depletion of local fund surplus;
- Deteriorating relationship between GOEA and the council based upon factors discussed in October 8, 1996 GOEA financial/operational review report. This report contained certain findings and required certain action and a management response by November 15, 1996; to date, the Council has not responded to this memorandum.

The Council does not consider itself as a "going concern" and thus has no definite plans to alleviate the conditions other than continuing to service its monthly debt service and operate as usual.

SUPPLEMENTARY DATA

VERNON COUNCIL ON AGING, INC.
 COMBINING STATEMENT OF PROGRAM REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - GENERAL FUND TYPES

For the fiscal year ended June 30, 1996

	General Fund Type	
	Local Unreserved	PCOA (Act 735)
<u>REVENUES</u>		
Intergovernmental:		
Office of Elderly Affairs	\$ ---	\$11,779
Public support:		
Rental income	41,629	---
Miscellaneous:		
Project Independence income	39,885	---
Interest income	774	---
Miscellaneous	12,410	---
Total revenues	94,698	11,779
<u>EXPENDITURES</u>		
Current:		
Salaries	8,693	---
Fringe	1,835	---
Travel	289	---
Operating services	13,597	---
Operating supplies	14,706	---
Other costs	2,201	---
Capital outlay	118,434	---
Principal payments	171,777	---
Interest expense	16,379	---
Total expenditures	347,911	---
Excess of revenues over (under) expenditures	(253,213)	11,779
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating transfers in	52,438	---
Operating transfers out	(103,400)	(11,779)
Loan proceeds	225,000	---
Excess of revenues and other sources over (under) expenditures and other uses	(79,175)	---
<u>FUND BALANCES (DEFICIT)</u>		
Beginning of year	114,271	---
End of year	\$ 35,096	\$ ---

<u>GENERAL FUND</u>	
<u>SENIOR OLYMPICS</u>	<u>TOTAL</u>
\$ ---	\$ 11,779
---	41,629
---	39,885
---	774
<u>4,173</u>	<u>16,583</u>
<u>4,173</u>	<u>110,650</u>
---	8,693
---	1,835
3,121	3,410
2,008	15,605
25	14,731
---	2,201
---	118,434
---	171,777
---	<u>16,379</u>
<u>5,154</u>	<u>353,065</u>
<u>(981)</u>	<u>(242,415)</u>
981	53,419
---	(115,179)
---	<u>225,000</u>
---	(79,175)
---	<u>114,271</u>
<u>\$ ---</u>	<u>\$ 35,096</u>

VERNON COUNCIL ON AGING, INC.
 COMBINING STATEMENT OF PROGRAM REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS
 For the fiscal year ended June 30, 1996

	<u>Title III</u> <u>C-1</u>	<u>Title III</u> <u>C-2</u>	<u>Senior</u> <u>Center</u>
<u>REVENUES</u>			
Intergovernmental:			
Governor's Office of			
Elderly Affairs	\$ 62,744	\$ 40,025	\$ 26,600
Department of Health and			
Human Resources	---	---	---
La. Dept of Labor	---	---	---
Public Support:			
In-Kind contributions	10,000	10,000	---
Utility assistance payments	---	---	---
Client contributions	10,149	6,792	---
Other income	---	---	---
 Total revenues	 <u>82,893</u>	 <u>56,817</u>	 <u>26,600</u>
<u>EXPENDITURES</u>			
Current:			
Salaries	42,087	45,102	16,996
Fringe	7,334	7,677	1,836
Travel	1,834	5,001	---
Operating services	34,904	18,471	19,181
Operating supplies	7,045	534	---
Other costs	20	20	---
Nutrition costs	54,297	36,613	---
Staff training	---	---	---
In-Kind expenses	10,000	10,000	---
On job training costs	---	---	---
Capital outlay	---	---	---
 Total expenditures	 <u>157,521</u>	 <u>123,418</u>	 <u>38,013</u>
 Excess of revenues over (under) expenditures	 (74,628)	 (66,601)	 (11,413)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	74,628	66,601	11,413
Operating transfers out	---	---	---
 Excess of revenues and other sources over (under) expenditures and other uses	 ---	 ---	 ---
<u>FUND BALANCES</u>			
Beginning of year	---	---	---
End of year	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

Schedule 2
(Continued)

Title III-C-1 Admin.	Title III-B Services	Title III-D In-Home	Title IIIF	USDA Cash-in- lieu-of Commodities	Energy Assistance Fund
\$22,025	\$ 95,897	\$1,853	\$ 4,453	\$ 27,625	\$ ---
---	---	---	---	---	---
---	---	---	---	---	---
---	5,000	---	---	---	---
---	---	---	---	---	1,209
---	---	7,894	---	---	---
---	---	---	---	---	---
<u>22,025</u>	<u>100,897</u>	<u>9,747</u>	<u>4,453</u>	<u>27,625</u>	<u>1,209</u>
14,442	61,521	3,477	---	---	---
4,156	9,537	667	---	---	---
1,684	1,811	150	---	---	---
4,296	19,676	6,923	---	---	---
573	3,014	51	---	---	---
414	338	37	---	---	1,255
---	---	---	---	---	---
---	---	---	---	---	---
---	5,000	---	---	---	---
---	---	---	---	---	---
---	---	---	4,453	---	---
<u>25,565</u>	<u>100,897</u>	<u>11,305</u>	<u>4,453</u>	<u>---</u>	<u>1,255</u>
(3,540)	---	(1,558)	---	27,625	(46)
3,540	---	1,558	---	---	---
---	---	---	---	(27,625)	---
---	---	---	---	---	---
---	---	---	---	---	(46)
---	---	---	---	---	---
<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 5,311</u>

VERNON COUNCIL ON AGING, INC.
 COMBINING STATEMENT OF PROGRAM REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS
 For the fiscal year ended June 30, 1996

<u>REVENUES</u>	<u>Medicaid</u>	<u>Endowment Fund</u>	<u>Misc. Grant</u>
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ ---	\$ ---	\$ 4,500
Department of Health and Human Resources	20,409		
La. Dept of Transportation	---	---	---
Public Support:			
In-Kind contributions	---	---	---
Utility assistance payments	---	---	---
Client contributions	---	---	---
Other income	---	591	---
Total revenues	<u>20,409</u>	<u>591</u>	<u>4,500</u>
 <u>EXPENDITURES</u>			
Current:			
Salaries	3,004	---	---
Fringe	1,407	---	---
Travel	316	---	---
Operating services	575	---	---
Operating supplies	80	---	---
Other costs	57	---	---
Nutrition costs	---	---	---
Staff training	---	---	---
In-Kind expenses	---	---	---
On job training costs	---	---	---
Capital outlay	---	---	---
Total expenditures	<u>5,439</u>	<u>---</u>	<u>---</u>
Excess of revenues over (under) expenditures	14,970	591	4,500
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	---	---	---
Operating transfers out	<u>(14,675)</u>	<u>---</u>	<u>(4,500)</u>
Excess of revenues and other sources over (under) expenditures and other uses	295	591	---
 <u>FUND BALANCES</u>			
Beginning of year	<u>---</u>	<u>25,924</u>	<u>---</u>
End of year	<u>\$ 295</u>	<u>\$26,515</u>	<u>\$ ---</u>

Schedule 2
(Concluded)

<u>Section 18</u> <u>Transportation</u>	<u>Audit</u>	<u>Totals</u>
\$ ---	\$ 1,317	\$ 287,039
---	---	20,409
52,438	---	52,438
---	---	25,000
---	---	1,209
---	---	24,835
---	---	591
<u>52,438</u>	<u>1,317</u>	<u>411,521</u>
---	---	186,629
---	---	32,614
---	---	10,796
---	---	104,026
---	---	11,297
---	4,575	6,716
---	---	90,910
---	---	---
---	---	25,000
---	---	---
---	---	4,453
---	<u>4,575</u>	<u>472,441</u>
52,438	(3,258)	(60,920)
---	3,258	160,998
<u>(52,438)</u>	<u>---</u>	<u>(99,238)</u>
---	---	840
---	---	31,281
<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 32,121</u>

VERNON COUNCIL ON AGING, INC.
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 1996

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<u>TITLE III-C-1</u>			
Salaries	\$ 39,462	\$ 42,087	\$ (2,625)
Fringe	4,703	7,334	(2,631)
Travel	751	1,834	(1,083)
Operating Services	33,920	34,904	(984)
Operating Supplies	3,651	7,045	(3,394)
Other costs	---	20	(20)
Nutrition costs	43,200	54,297	(11,097)
In-kind expenses	<u>10,000</u>	<u>10,000</u>	<u>---</u>
Totals	<u>\$135,687</u>	<u>\$157,521</u>	<u>\$(21,834)</u>
<u>TITLE III-C-2</u>			
Salaries	\$ 45,492	\$ 45,102	\$ 390
Fringe	5,415	7,677	(2,262)
Travel	6,641	5,001	1,640
Operating services	20,462	18,471	1,991
Operating supplies	384	534	(150)
Other costs	---	20	(20)
Nutrition costs	28,800	36,613	(7,813)
In-kind expenses	<u>10,000</u>	<u>10,000</u>	<u>---</u>
Totals	<u>\$117,194</u>	<u>\$123,418</u>	<u>\$(6,224)</u>
<u>SENIOR CENTER</u>			
Salaries	\$ 15,480	\$ 16,996	\$ (1,516)
Fringe	1,594	1,836	(242)
Operating services	<u>13,500</u>	<u>19,181</u>	<u>(5,681)</u>
Totals	<u>\$ 30,574</u>	<u>\$ 38,013</u>	<u>\$(7,439)</u>

VERNON COUNCIL ON AGING, INC.
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 1996

	Budgeted Expenditures	Actual Expenditures	Variance Favorable (Unfavorable)
<u>TITLE III-C-1-AREA AGENCY</u>			
<u>ADMINISTRATION</u>			
Salaries	\$ 13,129	\$ 14,442	\$ (1,313)
Fringe	1,576	4,156	(2,580)
Travel	665	1,684	(1,019)
Operating services	6,256	4,296	1,960
Operating supplies	399	573	(174)
Other costs	---	414	(414)
Totals	<u>\$ 22,025</u>	<u>\$ 25,565</u>	<u>\$ (3,540)</u>
<u>TITLE III-B -</u>			
<u>SUPPORTIVE SERVICES</u>			
Salaries	\$ 68,413	\$ 61,521	\$ 6,892
Fringe	8,132	9,537	(1,405)
Travel	557	1,811	(1,254)
Operating services	14,813	19,676	(4,863)
Operating supplies	1,334	3,014	(1,680)
Other costs	3,618	338	3,280
In-Kind expenses	5,000	5,000	---
Totals	<u>\$101,867</u>	<u>\$100,897</u>	<u>\$ 970</u>
<u>TITLE III-D-IN-HOME</u>			
Salaries	\$ 3,995	\$ 3,477	\$ 518
Fringe	475	667	(192)
Travel	61	150	(89)
Operating services	5,569	6,923	(1,354)
Operating supplies	36	51	(15)
Other costs	---	37	(37)
Totals	<u>\$ 10,136</u>	<u>\$ 11,305</u>	<u>\$ (1,169)</u>
<u>TITLE III-F</u>			
Capital outlay	<u>\$ 4,453</u>	<u>\$ 4,453</u>	<u>\$ ---</u>
Totals	<u>\$ 4,453</u>	<u>\$ 4,453</u>	<u>\$ ---</u>

Schedule 3
(Continued)

VERNON COUNCIL ON AGING, INC.
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 1996

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>USDA CASH-IN-LIEU OF</u>			
<u>COMMODITIES</u>			
Transfers to			
Title III-C-1	\$ 8,000	\$ 13,812	\$ (5,812)
Transfers to			
Title III-C-2	<u>8,000</u>	<u>13,813</u>	<u>(5,813)</u>
Totals	<u>\$ 16,000</u>	<u>\$ 27,625</u>	<u>\$(11,625)</u>
 <u>ENERGY ASSISTANCE FUND</u>			
Other costs	<u>\$ 1,370</u>	<u>\$ 1,255</u>	<u>\$ 115</u>
 <u>MEDICAID</u>			
Salaries	\$ 12,000	\$ 3,004	\$ 8,996
Fringe	3,900	1,407	2,493
Travel	900	316	584
Operating services	1,000	575	425
Operating supplies	100	80	20
Other costs	100	57	43
Transfer to			
Title III-C-1	<u>---</u>	<u>14,675</u>	<u>(14,675)</u>
Totals	<u>\$ 18,000</u>	<u>\$ 20,114</u>	<u>\$ (2,114)</u>

VERNON COUNCIL ON AGING, INC.
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 1996

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>MISCELLANEOUS GRANT</u>			
Transfers to Title III-C-2	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ ---</u>
 <u>SEC. 18 TRANSPORTATION</u>			
Transfers to Local	<u>\$ 52,438</u>	<u>\$ 52,438</u>	<u>\$ ---</u>
Totals	<u>\$ 52,438</u>	<u>\$ 52,438</u>	<u>\$ ---</u>

VERNON COUNCIL ON AGING, INC.
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND TYPES
For the Fiscal Year Ended June 30, 1996

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>PCOA- (ACT 735)</u>			
Transfers to Title III-C-1	\$ 11,779	\$ 11,779	\$ ---
Totals	<u>\$ 11,779</u>	<u>\$ 11,779</u>	<u>\$ ---</u>
<u>LOCAL - UNRESERVED</u>			
Salaries	\$ 10,000	\$ 8,693	1,307
Fringe	2,000	1,835	165
Travel	300	289	11
Operating services	14,000	13,597	403
Operating supplies	15,000	14,706	294
Other costs	2,500	2,201	299
Capital outlay	85,000	118,434	(33,434)
Principal payments	170,000	171,777	(1,777)
Interest expense	17,000	16,379	621
Transfers to			
Title III-C-1	36,164	34,362	1,802
Title III-C-2	51,169	48,288	2,881
Senior Center	2,474	11,413	(8,939)
Audit	3,200	3,258	(58)
Title III-C-1-AAA	---	3,540	(3,540)
Title III-D	8,284	1,558	6,726
Sr. Olympic	---	981	(981)
Totals	<u>\$ 417,091</u>	<u>\$ 451,311</u>	<u>\$(34,220)</u>
<u>SENIOR OLYMPICS</u>			
Travel	\$ 3,000	\$ 3,121	\$ (121)
Operating services	2,000	2,008	(8)
Operating supplies	25	25	---
Totals	<u>\$ 5,025</u>	<u>\$ 5,154</u>	<u>\$ (129)</u>

VERNON COUNCIL ON AGING, INC.
STATEMENT OF GENERAL FIXED ASSETS

For the Fiscal Year Ended June 30, 1996

General fixed assets, at cost:	
Vehicles	\$ 167,933
Furniture and equipment	107,026
Land and buildings	<u>343,029</u>
Total general fixed assets	<u>\$ 617,988</u>
Investment in general fixed assets	
Property acquired from -	
Title III-B	\$ 18,935
General Fund	524,605
Title III-C-1	21,236
Title III-C-2	4,387
State funds-Act 735	977
Senior Center	30,735
Donated	10,566
Title III-F	5,149
Police Jury	1,077
Unknown	<u>321</u>
Total	<u>\$ 617,988</u>

Vernon Council on Aging, Inc.

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 1996

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

Federal Grantor/Pass Through Grantors/Program Title

Department of Health and Human Services
Passed through the Louisiana Governor's Office:

Federal Catalog

<u>Number</u>	<u>Grant Period</u>	<u>Program Title</u>
93.045	7/1/95 - 6/30/96	Title III-C-1
93.045	7/1/95 - 6/30/96	Title III-C-2
93.045	7/1/95 - 6/30/96	Title III-C-1-AAA
93.044	7/1/95 - 6/30/96	Title III-B-SS
93.046	7/1/95 - 6/30/96	Title III-D-In-Home
93.043	7/1/95 - 6/30/96	Title III-F

Department of Agriculture

10.570	7/1/95 - 6/30/96	USDA
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Department of Transportation

Passed through the Vernon Parish
Police Jury

20.509	7/1/95 - 6/30/96	Public Transportation for Nonurbanized Areas
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TOTALS

(2) Scope of Audit Pursuant to the Single Audit Act of 1984 and OMB Circular A-128 (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 5

<u>Grants Awarded</u>	<u>Revenues Recognized</u>	<u>Expenditures</u>
\$ 59,233	\$ 59,233	\$ 59,233
20,664	20,664	20,664
16,519	16,519	16,519
61,509	61,509	61,509
1,575	1,575	1,575
3,450	3,450	3,450
58,425	27,625	27,625
<u>52,883</u>	<u>52,438</u>	<u>52,438</u>
<u>\$274,258</u>	<u>\$243,013</u>	<u>\$243,013</u>

Vernon Council on Aging, Inc.
COMPENSATION FOR BOARD MEMBERS

For the Year Ended June 30, 1996

During the fiscal year ended June 30, 1996, no per diem payment or other compensation payments were made to board members. However, business expenses were reimbursed on an actual basis to certain board members and the Executive Director.

Vernon Council on Aging, Inc.
QUESTIONED COSTS

For the Fiscal Year Ended June 30, 1996

During the fiscal year ended June 30, 1996, the Council spent \$83,547 on improvements to its main facility (building and related structures including kitchen and C-1 meal area). The composition of these costs are as follows:

- Materials and supplies for renovation and remodeling	\$ 47,934
- Architect fees and building permit costs	9,137
- Contract labor paid to individuals performing the remodeling	<u>26,476</u>
Total	<u>\$ 83,547</u>

The contract labor and materials costs above totaling \$74,410 are being classified as questioned costs due to the fact that I am unable to ascertain with total assurance that all of these costs were identifiable as building improvement costs. The contract labor costs were paid to four individuals over a seven month period. They received Form 1099's for the work performed in calendar year 1995, but they did not work based upon a written contract and there is limited board approval authorization in the minutes for these incurred costs.

The costs for renovation and remodeling were incurred over a nine month period and consist of numerous invoices for various building materials and items that cannot be directly traced to the building's structure with total assurance. These costs totaling \$47,934 were many times paid without a specific purchase order and thus initial authorization.

Based upon the factors described above, the combined costs totaling \$74,410 are deemed "questioned costs". It must be noted however, that only local funds were utilized for the expenditures. Additional financing during the fiscal period in the amount of \$65,681 was obtained to help offset the negative cash flow resulting from this significant capital outlay costs.

Furthermore, these expenditures are discussed in detail via finding number four in an GOEA financial/operational review dated October 8, 1996, which has not been answered by VCOA management as of December 30, 1996 although the suggested GOEA response date was November 15, 1996.

Vernon Council on Aging, Inc.
EXIT CONFERENCE

For the Fiscal Year Ended June 30, 1996

An exit conference was held on January 3, 1997 with the following people in attendance to discuss the audit and the report draft:

Mr. David Hudgens - Vernon Council on Aging, Executive
Director
Mrs. Tania Parker - Vernon Council on Aging, Chief Accountant
W. Micheal Elliott, CPA - Elliott & Assc., President
Melanie Lindsey - Elliott & Assc., Staff Accountant