

c. Fund Accounting:

● Special Revenue Funds - (continued)

Audit Fund

The Audit Fund is used to account for funds received from the Louisiana 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.

Utility Assistance Fund

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

Miscellaneous Grant Fund

The Louisiana Legislature appropriated some special funds for various councils on aging throughout the state for fiscal year 1996. St. John Parish Council on Aging, Inc. was one of the parish councils to receive a special grant of \$4,500. The Louisiana Governor's Office of Elderly Affairs provided these funds to the Council. The Council used these funds to supplement Title III B supportive services this year.

Note 12 - Judgments, Claims, and Similar Contingencies - (continued)

insurance in this claim and the maximum loss exposure to the Council will be \$500, the amount of its deductible under the insurance policy.

The Council receives revenues from various Federal and State grant programs which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period agreed upon by the agency and the Council. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Council's financial position.

Note 13 - Federally Assisted Programs

The Council participates in a number of federally assisted programs. These programs are audited in accordance with the Single Audit Act of 1984. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the Council's management believes that further examinations would not result in any significant disallowed costs to such an extent as to materially affect the Council's financial position.

Note 14 - Economic Dependency

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

Note 8 - In-Kind Contributions

The Council received various in-kind contributions during the year. The senior center/meal site locations in LaPlace and Edgard were furnished by the St. John the Baptist Parish Council without charge for rent or insurance. Also, the workers who serve lunch at the LaPlace Senior Center volunteer their services. These contributions, the value of which was not objectively determined, have not been reported as revenues or offsetting expenses in these financial statements.

Note 9 - Prepaid Expense

The Council has elected not to expense amounts paid for future services until those services are consumed. As of June 30, 1996, there were not any prepaid expenses.

Note 10 - Board of Directors' Compensation

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

Note 11 - Income Tax Status

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

Note 12 - Judgments, Claims, and Similar Contingencies

There is one lawsuit pending against the Council as of June 30, 1996. The plaintiffs in the lawsuits claim that their husband/father received transportation for kidney treatment in a minivan owned and operated by the Council and that, upon returning home, he fell from the minivan causing injuries to himself which subsequently resulted in his death. The case is currently in the discovery stage and medical records relative to the cause of death are being gathered. The Council's attorney plans to bring the case to trial. Management believes the Council will be adequately covered by

Note 4 - Cash in Bank

At June 30, 1996, the deposits in the Council's two checking accounts totaled \$6,393 whereas the cash balance per books, after considering outstanding checks, was \$3,315. All of these deposits were covered by federal depository insurance.

Note 5 - Restricted Assets

Restricted assets consist of cash which has been reserved by the Council for the purpose of providing (1) utility assistance (\$1,301), (2) respite care (\$637), and (3) medic alert units (\$100). This cash was provided by donations made by the (1) general public to various utility companies, (2) the NALCO Foundation (respite care), and (3) AARP (medic alert units).

Note 6 - Grants Receivable

Grants receivable represent amounts owed to the Council under the terms of a grant award or contract; such amounts being measurable and available as of year end.

Grants receivable at June 30, 1996, consisted of the following:

<u>Program</u>	<u>Fund</u>	<u>Amount</u>
U.S.D.A.	Special Revenue	\$ 4,983
Total		\$ 4,983 =====

Note 7 - Changes in Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance June 30, 1995	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 1996
General fixed assets, at cost:				
Vans	\$156,345	\$ -	\$ -	\$156,345
Office furniture and equipment	33,073	550	(3,597)	30,026
Building improvements	<u>7,064</u>	<u>-</u>	<u>-</u>	<u>7,064</u>
Total general fixed assets	\$196,482 =====	\$ 550 =====	\$ (3,597) =====	\$193,435 =====

Note 3 - Property Tax Revenues and Receivable - (continued)

The St. John the Baptist Parish Council acts as the collection agent for these taxes. The Parish Council withholds the collected amounts until the Council on Aging submits copies of invoices it has already paid. At that time, the Parish Council reimburses to the Council on Aging property tax revenues equal to the total expenses submitted by the Council on Aging. Amounts being held by the Parish Council are not recorded as revenue by the Council on Aging because they are not available until the Parish Council releases them to the Council on Aging. At June 30, 1996, the Parish Council was withholding \$60,025 of property tax revenues it had collected. The Council on Aging has accrued \$20,207 of this amount as revenue for fiscal year 1996 because this money was remitted to it within 60 days after June 30, 1996 and the revenue related to expenses specifically identifiable to fiscal year 1996. However, \$39,818 was not accrued by the Council on Aging as revenues for fiscal year 1996 because of the Parish's rules restricting the availability of the money.

The Parish Council has established a separate bank account to help it account for the collection and disbursement of the property tax revenues for the Council on Aging. The Council on Aging has no control over this bank account; accordingly, it is not presented in these financial statements.

To assist the Council on Aging with cash flow needs, the Parish Council will borrow money from a local bank using short-term revenue anticipation notes. During fiscal year 1996 the Parish Council borrowed for the Council on Aging \$15,000 and repaid the loan out of the property taxes that were subsequently collected. The Council on Aging was charged \$64 for interest expense relating to the use of borrowed funds.

The Parish Council did not invest any amounts for the Council on Aging during the year. However, the Council received \$245 of interest income from an investment in U.S. Treasury Bills which matured on July 13, 1996 plus interest on the interest-bearing checking account in which the Parish keeps the property tax revenues until needed by the Council on Aging.

Note 2 - Revenue Recognition - Intergovernmental Grants, Public Support, and Miscellaneous Revenues - (continued)

Public Support and Miscellaneous Revenues

The Council encourages and receives contributions from clients to help offset the costs of the Title III-B, C-1, and C-2 programs. Other forms of local public support are provided to the Council by the United Way, AARP, and various individuals. Utility assistance funds are provided from public donations to various utility assistance programs that are remitted to the Council via the Louisiana Association of Councils on Aging, Inc. In addition, the Council may hold an occasional fund raiser to help offset costs of senior center activities. These funds are recorded as revenues when the cash is received because the Council cannot predict the timing of receipt and the amount it will receive.

Note 3- Property Tax Revenues and Receivable

During fiscal year 1995 the Council began receiving funds from a one mill property tax which was adopted by the voters of St. John the Baptist Parish. The property tax will be levied each year, beginning with calendar year 1994 and ending in calendar year 2003, by the St. John the Baptist Parish Council on November 15 based upon the assessed value (\$_____) on the previous January 1 of all real property owned within the Parish. The tax becomes due on November 15 and is considered delinquent if not paid by December 31. Most of the property tax revenues are collected during the months of December, January, and February.

n. Reservation and Designations of Fund Balances: -
(continued)

Designated allocations of fund balances result when the Council's management intends to expend certain resources in a designated manner. At June 30, 1996, there were not any designated funds.

Note 2 - Revenue Recognition - Intergovernmental Grants, Public Support, and Miscellaneous Revenues

Intergovernmental grant revenues are recorded in governmental funds as revenues in the accounting period when they become susceptible to accrual, that is, measurable and available (modified accrual basis). The timing and amounts of the receipts of public support and miscellaneous revenues are difficult to predict; therefore, they are not susceptible to accrual and are recorded as revenue in the period received.

Intergovernmental Grants

U.S.D.A. program funds are earned and become susceptible to accrual based upon the number of units of service provided to program participants and are recorded as revenues at that time. Senior Center program funds and the PCOA (Act 735) funds are received as a monthly allocation of the total grant in advance of the actual expenditures, but are not susceptible to accrual as revenue until the actual expenditures are made. The same revenue recognition policy applies to funds received under the Title III B, C-1, C-2, D, and F programs which reimburse the Council based on the actual expenditures made from each program. The Miscellaneous Grant and Audit funds, are also recognized as revenue once the related costs have been incurred and the grant reimbursement is measurable and available.

i. Fixed Assets: - (continued)

Donated assets represent \$491 of the June 30, 1996, total for fixed assets.

j. 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 have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

k. Annual and Sick Leave:

The Council's annual leave policy does not provide for the accumulation and vesting of annual leave. In other words, an employee must "use or lose" any earned annual leave during the fiscal year. The Council's sick leave policy allows an employee to accumulate up to 25 days over a three year period, but at termination there is no cash reimbursement for unused sick leave. As a result, the Council has not accrued any unpaid cost relating to unused leave in the financial statements.

l. Related Party Transactions:

There were not any related party transactions during the fiscal year.

m. Restricted Assets:

Restricted assets represent assets which have been primarily acquired through donations whereby the donor has placed a restriction on how the donation can be used by the Council (i.e., Respite Care and Utility Assistance funds). Restricted assets are offset by a corresponding reservation of the Council's fund balance.

n. Reservation and Designations of Fund Balances:

The Council "reserves" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

g. Budget Policy: - (continued)

- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. There was one budget amendment during the fiscal year, which was effective March 20, 1996.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%. Otherwise, the excess costs could be labeled as unauthorized expenditures.
- Expenditures cannot legally exceed appropriations on an individual fund level.

h. 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 or results of operations 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.

i. Fixed Assets:

Assets which cost at least \$250 and which have an estimated useful life of greater than one year are capitalized as fixed assets. All fixed assets are stated at historical cost or estimated historical cost, if actual historical cost is not available. Significant donated fixed assets are capitalized at their estimated fair market value on the date donated provided the fair market value can be objectively determined. No depreciation has been provided on general fixed assets.

g. Budget Policy:

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

- The Louisiana Governor's Office of Elderly Affairs "GOEA" notifies the Council each year as to the funding levels for each program's grant award.
- The Council may also obtain grants from agencies other than GOEA and the Council considers the potential revenues to be earned under those grants.
- Projections are made of property tax revenues and public support revenues based on past trends and data available to form expectations of future revenues.
- The Council's executive director prepares the proposed budget based on the expected funding from GOEA and other local agencies, as well as expected revenues from property tax revenues and public support, and then submits the budget to the Board of Directors for approval.
- The Board of Directors reviews and adopts the budget before June 30 of the current year for the next fiscal year.
- The adopted budget is forwarded to GOEA for final approval.
- All budgetary appropriations lapse at the end of the fiscal year (June 30).
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.

NOTES TO FINANCIAL STATEMENTS

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana

June 30, 1996

Note 1 - Summary of Significant Accounting Policies

a. Reporting Entity:

In 1964, the State of Louisiana passed Act 456 which authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. Charters are issued by the Louisiana Secretary of State upon approval by the Governor's Office of Elderly Affairs. The St. John Parish Council on Aging, Inc. is a non-profit, quasi-public corporation which must comply with the policies and regulations established by the Governor's Office of Elderly Affairs and the State of Louisiana.

The primary function of the St. John Parish Council on Aging, Inc. is to improve the quality of life for the parish's elderly and to provide services to the elderly as well as coordinate and monitor the services of other local agencies serving the aging people of the parish. Such services include providing meals, nutritional education, information and referral services, legal assistance, homemaker services, operating senior centers, and transportation. A Board of Directors, consisting of 15 voluntary members who serve three-year terms, governs the Council.

The St. John Parish Council on Aging, Inc. is not a component unit of another primary government nor does it have any component units which are related to it. The Council has presented its financial statements as a separate special-purpose government.

IMMATERIAL WEAKNESSES IN THE INTERNAL CONTROL STRUCTURE AND
IMMATERIAL INSTANCES OF NONCOMPLIANCE WITH
LAWS, REGULATIONS, CONTRACTS, AND GRANTS

Finding #3: The Council had not updated its fixed assets subledger, a final inventory report for the fiscal year had not been filed with GOEA, and the new fixed assets purchased during the year had not been properly tagged. Although the number of fixed assets additions was not very large this year, the Council is still required to update its subledger, file a final inventory report with GOEA, and tag all of its new property acquisitions. Failure to do this indicates a weakness in the control structure as well as noncompliance with the terms of its contract with GOEA. I recommend that the subledger be updated as fixed assets are added and that new acquisitions be tagged at the time of acquisition. A final inventory report should be filed with GOEA along with all of the other program reports at the end of the fiscal year.

Corrective Action: The Council's subledger was updated, new additions were tagged, and it had filed the year end inventory report accurately with GOEA.

Finding #4: I compared the general ledger amounts for the GOEA programs to the final reports filed with GOEA by the Council on Aging. I noticed numerous differences which resulted from a variety of causes. Some of the differences were clerical, some of the differences were produced from changes being made to the general ledger after filing the report, and some of the errors resulted from the manner in which the accounting system was designed.

Corrective Action: Similar instances of reporting errors were noted this year produced by the same causes as last year. I have restated this finding as a reportable condition for this year's audit on page 50.

c. Fund Accounting:

● Special Revenue Funds - (continued)

Title III F Fund

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 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.

U.S.D.A. Fund

The U.S.D.A. Fund is used to account for the administration of Nutrition Program for the Elderly funds provided by the United States Department of Agriculture through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program reimburses the service provider about 58 cents 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.

Senior Center Fund

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

c. Fund Accounting:

• Special Revenue Funds - (continued)

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds which are used to provide nutritional congregate meals to the elderly in strategically located centers. Title III C-1 funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. During the year the Council served 18,523 meals to people eligible to participate in this program.

Title III C-2 Fund

Title III C-2 Fund is used to account for funds which are used to provide nutritional meals to home-bound older persons. Title III C-2 funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. During the year the Council served 18,875 meals to people eligible to participate in this program.

Title III D Fund

The 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, including in-home supportive services for older individuals who are victims of Alzheimer's disease and related disorders with neurological and organic brain dysfunction, and to the families of such victims. 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.

c. Fund Accounting:

● Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

Title III B Supportive Services Fund

The Title III B Supportive Services Fund is used to account for funds which are to provide access services, in-home services, community services, legal assistance, and transportation for the elderly. Title III B Supportive Services funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs which in turn "passes through" the funds to the Council.

Title III C - Area Agency Administration (AAA) Fund

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

c. Fund Accounting: - (continued)

The governmental funds and the programs comprising them as presented in the financial statements are described as follows:

● General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. These discretionary funds are accounted for and reported according to the source (federal, state or local) from which they are derived.

The following programs comprise the Council's General Fund:

Local

Local funds are received from various local sources, such as; proceeds of a property tax assessment by St. John the Baptist Parish, donations from the general public, allocations from the United Way and interest income on idle funds. Most of these funds are not restricted to any special use and may be used at the Council's discretion. However, there are occasions when the Council will receive restricted donations which must be used for the purposes restricted by donor. The Council also uses the General Fund to account for expenses which are not chargeable to specific programs because of budget limitations, or because of their nature.

PCOA (Act 735)

PCOA (Act 735) funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion.

Respite Care

The Respite Care program is used to specifically account for funds received from Nalco Foundation that are restricted to the purpose of paying for respite care costs.

Note 1 - Summary of Significant Accounting Policies - (continued)

b. Presentation of Statements: - (continued)

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a Codification of Governmental Accounting and Financial Reporting Standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments.

The accompanying financial statements conform to generally accepted accounting principles for state and local governments. These statements have also incorporated any applicable requirements set forth by Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; Subsection VI - Annual Financial Reporting, accounting manual for the Governor's Office of Elderly Affairs Contractors; and, the Louisiana Governmental Audit Guide.

c. Fund Accounting:

The Council uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities.

The accounts of the Council are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in these financial statements into two generic fund types and one broad category (account group).

Note 15 - Interfund Transfers

Operating transfers in and out are listed by fund for 1996:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
Special Revenue Funds:		
Title III B Supportive Services	\$ 33,318	\$ -
Title III C-1	1,332	-
Title III C-2	22,621	-
Title III F	1,371	-
U.S.D.A.	-	23,128
Senior Center	-	14,824
Miscellaneous Grant	-	4,500
	<hr/>	<hr/>
Total special revenue funds	58,642	58,642
 General Fund	 <hr/> -	 <hr/> 16,190
	 <hr/>	 <hr/>
Total all funds	\$58,642	\$58,642
	<hr/> <hr/>	<hr/> <hr/>

Note 16 - Interfund Loans

Because the Council operates most of its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans. A summary of these interfund loans at June 30, 1996, were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 7,825
Special Revenue Funds	<hr/> 7,825	<hr/> -
	<hr/>	<hr/>
Total all funds	\$ 7,825	\$ 7,825
	<hr/> <hr/>	<hr/> <hr/>

d. Account Groups:

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

General Fixed Assets

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

e. Basis of Accounting:

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

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

f. Transfers and Interfund Loans:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana

For the year ended June 30, 1996

FEDERAL GRANTOR/PASS-THROUGH GRANTORS/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT YEAR ENDED	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	EXPENDITURES
U.S. Department of Health and Human Services					
Passed through the Governor's Office of Elderly Affairs:					
Special Programs for the Aging:					
Title III B-Supportive Services	93.044	06/30/96	\$ 25,529	\$ 25,529	\$ 25,529
Title III C-Area Agency Administration	93.045	06/30/96	6,856	6,856	6,856
Title III C-1-Congregate Meals	93.045	06/30/96	24,584	24,584	24,584
Title III C-2-Home Delivered Meals	93.045	06/30/96	8,576	8,576	8,576
Subtotal CFDA #93.045			40,016	40,016	40,016
Title III D-In-Home Services	93.046	06/30/96	654	654	654
Title III F - Disease Prevention and Health Promotion	93.043	06/30/96	2,360	1,571	1,571
Totals for U.S. Department of Health and Human Services			68,559	67,770	67,770
U.S. Department of Agriculture					
Passed through the Governor's Office of Elderly Affairs:					
Nutrition Program for the Elderly					
Fy 96 grant (2)	10.570	06/30/96	20,449	20,151	7,523
Fy 95 grant (1)	10.570	06/30/95	17,047	-	15,605
Subtotal CFDA #10.570			37,496	20,151	23,128
Totals for U.S. Department of Agriculture			37,496	20,151	23,128
Total federal grants			\$ 106,055	\$ 87,921	\$ 90,898

The above programs are all nonmajor. St. John Parish Council on Aging, Inc. had no major programs during fiscal year 1996.

(1) There was still \$15,605 of funds earned but not spent under the Fy 95 award. Those funds were carried over to Fy 96 and spent this year.

(2) Revenue recognized is more than expenditures because the revenue under this program was earned under a unit cost contract. Unspent revenue (\$12,628) this year has been carried over to be used next year.

Note A - Basis of Accounting - The accompanying Schedule of Federal Financial Assistance has been prepared using the modified accrual basis of accounting as contemplated under generally accepted accounting principles and which is the same basis of accounting used for presenting the general purpose financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - SPECIAL REVENUE FUNDS

St. John Parish Council on Aging, Inc.
 LaPlace, Louisiana

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>REVENUES</u>			
Intergovernmental	\$169,251	\$168,953	\$ (298)
Public support	25,442	24,431	(1,011)
Miscellaneous	-	19	19
	<u>194,693</u>	<u>193,403</u>	<u>(1,290)</u>
<u>EXPENDITURES</u>			
Current:			
Salaries	87,237	87,314	(77)
Fringe	6,676	6,680	(4)
Travel	923	804	119
Operating services	7,970	9,581	(1,611)
Operating supplies	8,869	8,865	4
Other costs	3,951	3,951	-
Meals	95,678	89,395	6,283
Capital outlay	-	-	-
Utility assistance	5,980	5,005	975
	<u>217,284</u>	<u>211,595</u>	<u>5,689</u>
Excess of revenues over (under) expenditures	(22,591)	(18,192)	4,399
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	62,364	58,642	(3,722)
Operating transfers out	<u>(48,773)</u>	<u>(42,452)</u>	<u>6,321</u>
Excess of revenues and other sources over (under) expenditures and other uses	(9,000)	(2,002)	\$ 6,998 =====
<u>FUND BALANCES</u>			
Beginning of year	<u>15,931</u>	<u>15,931</u>	
End of year	\$ 6,931 =====	\$ 13,929 =====	

The accompanying notes are an integral part of this statement.

EXIT CONFERENCE

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana

June 30, 1996

The exit conference was held on October 1, 1996 between Neil G. Ferrari, CPA; Sheryl Dawkins, CPA; and Barbara Gralapp, Executive Director of the Council on Aging.

I reported to Mrs. Gralapp and discussed with her the reportable conditions described on pages 49 to 51 of this report. In addition to the reportable conditions, I mentioned to Mrs. Gralapp some other area to monitor in fiscal year 1997 as follows:

1. I noted the USDA reimbursement for a couple of months during the year did not equal the amount that the Council should have received based on the unit cost reimbursement rate. Some of this deficiency was made up by GOEA in fiscal year 1997 but the Council should more closely monitor its actual reimbursements based on expectations and bring unusual variances to GOEA's attention immediately.
2. The bank reconciliation for the operating account is hard to follow and the format should be improved to provide for ease in review.
3. Remember to have new employees fully complete Form I-9. Occasionally one will slip through that was not properly completed.
4. Budgeted revenues and expenditures should be incorporated into one comprehensive format rather than having a format for GOEA and one for the General Fund.

She acknowledged the reportable conditions and other comments I made and reacted favorably to the recommendations offered by me. Management will be writing a separate letter of response to my findings.

I did not issue a separate management letter because I believe the information in this report to be sufficient documentation of the findings and recommendations relating to the audit. There were not any disagreements with management during the audit about how to apply accounting principles.

Finding # 7: -
(continued)

6. There are a couple of people on the payroll which have been assigned two different job responsibilities and, accordingly, have been assigned two different pay rates. I could not determine from the timecard information how many hours each person worked doing the jobs for which different pay rates had been assigned. This made it difficult to determine if the proper gross wage was being paid to these people.
7. We looked at two new employee files and noted that Form I-9 had not been properly completed on them.

Corrective Action: Payroll administration was very much improved. I found that the types of errors noted in last year's audit were corrected in this fiscal year.

Finding #6: -
(continued)

In addition, the method of budgeting that was used reflects the way in which the bookkeeping is done. A change in the design of the bookkeeping method, as I have discussed previously, will necessitate a change in the design of how the budget process is handled. Accordingly, as one area is improved so should the other. As a result, I recommend that the fiscal year 1996 budget be reviewed to see if it requires amending because of changes to the design of the accounting system.

Corrective Action: By the time this finding was presented to management, the Council was well into fiscal year 1996. Therefore, this method of budgeting and bookkeeping was not changed for fiscal year 1996. However, steps have been taken to implement my recommendations for fiscal year 1997.

Finding #7:

I selected one payroll to test the controls used in the processing and payment of payroll to the Council's employees. Several findings were noted as follows:

1. None of the timecards had been approved by the director.
2. Some sick and annual leave forms were not attached to their related timecard or could not be located easily when I requested them.
3. In general, the payroll records appeared to be unorganized.
4. The number of hours worked each day by the employees were not always tabulated on the face of the timecard to provide a good trail between the number of hours actually worked and the number of hours that were paid as noted in the payroll register.
5. One employee was paid \$4.25 per hour instead of the approved rate of \$4.75 per hour which resulted in the employee getting \$2.00 less than he should have received.

Finding #5:

Actual costs exceeded allowable budget limitations in the Title III F program resulting in questioned costs. According to the Council's grant award from GOEA, the Council is supposed to amend its budget when a line item expense exceeds its related budget amount by more than 10%. This was not done. I recommended management more closely monitor its budget to amend it when required by the GOEA grant award.

Corrective Action:

The Council did a better job of monitoring actual costs in relation to their related budgeted amounts. The actual costs for operating services in Title III F were \$2,318 versus a budget amount of \$1,848 for fiscal year 1996. However, the overrun was covered by sufficient transfers of funds from the Council's General Fund thereby eliminating any questioned costs. This instance of a line item overrun was the only one of any significance noted during the 1996 audit.

Finding #6:

The form used by the Council to prepare its budget could be improved to better illustrate the substance of the budget. The Council uses a set of forms to present its annual budget to GOEA. The Council presented all of the GOEA programs on this budget except for PCOA. The budgeted revenues and expenses for the local programs were kept on separate handwritten worksheets rather than being incorporated into the budget submitted to GOEA. This method of documenting the Council's budget plan does not seem to be the most efficient method because it increases the risk that all components are not interacting and reconciling with one another. My recommendation was to incorporate all areas of the Council's budget within the format used to submit your plan to GOEA. This will help ensure all areas have been considered and that they interrelate. This can also improve the efficiency of the budget process by assisting management in monitoring all aspects of the budget, and making amendments when necessary.

Errors Were Noted In Reports Filed With GOEA - (continued)

Recommendation: I recommend that the Council check with GOEA to determine if filing amended reports is necessary at this point. If they are, then the Council should use the information in the audit report to assist it with filing the amended reports. In the future, any report filed with GOEA, particularly the year end reports, should be double checked by someone other than the preparer. The reviewer should be able to match amounts being reported on the monthly or final reports to GOEA with amounts that are easy to locate within the Council on Aging's general ledger. A general review for clerical and math errors should be performed during the review. Reports should be prepared and given to the reviewer with plenty of time for the reviewer to perform the review process. This will allow changes to be made if errors are noted and questions arise.

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana

June 30, 1996

The following is a list of excerpts from the findings I presented in last year's audit report along with a brief explanation of what corrective action, if any, was taken to remedy those findings in fiscal year 1996.

MATERIAL WEAKNESSES IN THE INTERNAL CONTROL STRUCTURE

Finding #1: During the fiscal year there were approximately three months of expenses that were paid directly by the Parish Council on behalf of the Council on Aging. However, none of the expenses were recorded on the Council on Aging's books. The revenues used to pay these expenses (property tax millage) were also not recorded on the Council on Aging's books.

Corrective Action: In fiscal year 1996, the Council on Aging paid all bills, then requested specific reimbursement from the Parish. Accordingly, all transactions were recorded timely on the COA's books.

Finding #2: I have discussed in previous audits the need for the Council on Aging to change the manner in which it has been allocating costs to its programs. Presently, costs are allocated to most of the programs only to the extent that funds are provided under grants from the Governor's Office of Elderly Affairs. Costs in excess of the grant award, but related to the program funded by the grant, are paid for by local funds, primarily property tax revenues, and charged to the General Fund. In other words, expenses are recorded based on the funds used to pay them rather than based on the purpose or program for which they were incurred.

The Design of the Council's Accounting System Is Not Providing Management the Most Accurate Information About the Council's Program Costs - (continued)

Effect: The effect is that the information about each program's cost received by management could be more informative and accurate. Although the current system being used is not wrong, my point is that redesigning the way in which costs are reported can provide better managerial information.

Recommendation: Program costs should be allocated to their respective programs regardless if the total cost will exceed the GOEA grant revenue for the particular program. Any excess costs can be paid for with transfers from the Council's General Fund.

Corrective Action: Management has restructured the Council's chart of accounts and begun to follow my recommendations for fiscal year 1997. To change the old accounting system in the middle of the year did not make sense. This is why this finding was not corrected during fiscal year 1996.

Errors Were Noted In Reports Filed With GOEA

Finding: I compared the general ledger amounts for the GOEA programs to the final reports filed with GOEA by the Council on Aging. I noticed numerous differences which resulted from a variety of causes.

Cause: Some of the differences were clerical, some of the differences were produced by the audit, and some of the errors resulted from the manner in which the accounting system was designed.

Effect: There was not any effect on the 1996 financial statements nor did any questioned costs result.

QUESTIONED COSTS

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana

For the year ended June 30, 1996

There were not any expenses noted during the audit that I feel need to be reported as questioned costs. Any exceptions initially noted were satisfactorily resolved.

Note 17 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur.

Note 18 - Program Reclassification

The Council has reclassified the Respite Care program to its General Fund. In previous years, it has been presented as a Special Revenue Fund but there was no legal requirement to do this. Accordingly, the reclassification has been done to better comply with generally accepted accounting principles. The net effect was to increase the fund balance of the General Fund as of July 1, 1995 by \$252 and decrease the Special Revenue fund balance by the same amount.

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS AND CHANGES IN
GENERAL FIXED ASSETS

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana

For the year ended June 30, 1996

	Balance June 30, 1995	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 1996
General fixed assets, at cost:				
Vans	\$156,345	\$ -	\$ -	\$156,345
Office furniture and equipment	33,073	550	(3,597)	30,026
Building improvements	7,064	-	-	7,064
Total general fixed assets	\$196,482	\$ 550	\$ (3,597)	\$193,435
	=====	=====	=====	=====
Investment in general fixed assets:				
Property acquired with funds from -				
FTA	\$111,899	\$ -	\$ -	\$111,899
General funds	69,405	550	(3,321)	66,634
Senior Center	12,250	-	-	12,250
Title III B	1,611	-	(127)	1,484
Title III C-1	357	-	(93)	264
Title III C-2	213	-	(56)	157
Title XX	747	-	-	747
Total investment in general fixed assets	\$196,482	\$ 550	\$ (3,597)	\$193,435
	=====	=====	=====	=====

Schedule 3
continued

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>SENIOR CENTER</u>			
Salaries	\$ 7,127	\$ 7,127	\$ -
Fringe	545	545	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Other costs	-	-	-
Meals	-	-	-
Capital outlay	-	-	-
Transfer out to Title III B	<u>14,824</u>	<u>14,824</u>	<u>-</u>
Totals	<u>\$ 22,526</u> =====	<u>\$ 22,526</u> =====	<u>\$ -</u> =====
<u>AUDIT</u>			
Other costs	<u>\$ 1,123</u>	<u>\$ 1,123</u>	<u>\$ -</u>
Totals	<u>\$ 1,123</u> =====	<u>\$ 1,123</u> =====	<u>\$ -</u> =====
<u>UTILITY ASSISTANCE</u>			
Utility Assistance Programs:			
LP&L -- Helping Hands/Heating Help	<u>\$ 5,980</u>	<u>\$ 5,005</u>	<u>\$ 975</u>
Totals	<u>\$ 5,980</u> =====	<u>\$ 5,005</u> =====	<u>\$ 975</u> =====
<u>MISCELLANEOUS GRANT</u>			
Transfer to Title III B	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ -</u>
Totals	<u>\$ 4,500</u> =====	<u>\$ 4,500</u> =====	<u>\$ -</u> =====

Schedule 3
continued

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>TITLE III C-2</u>			
Salaries	\$ 9,957	\$ 9,948	\$ 9
Fringe	760	761	(1)
Travel	-	-	-
Operating services	-	-	-
Operating supplies	43	48	(5)
Other costs	-	-	-
Meals:			
Raw food	29,302	25,570	3,732
Labor/non-edibles	22,651	19,766	2,885
Capital outlay	-	-	-
Totals	<u>\$ 62,713</u> =====	<u>\$ 56,093</u> =====	<u>\$ 6,620</u> =====
 <u>TITLE III D</u>			
Salaries	\$ 335	\$ 335	\$ -
Fringe	26	26	-
Travel	-	-	-
Operating services	719	403	316
Operating supplies	5	5	-
Other costs	-	-	-
Totals	<u>\$ 1,085</u> =====	<u>\$ 769</u> =====	<u>\$ 316</u> =====
 <u>TITLE III F</u>			
Salaries	\$ 862	\$ 837	\$ 25
Fringe	67	64	3
Operating services	1,848	2,318	(470)
Operating supplies	10	-	10
Other costs	-	-	-
Totals	<u>\$ 2,787</u> =====	<u>\$ 3,219</u> =====	<u>\$ (432)</u> =====
 <u>U.S.D.A.</u>			
Transfers to Title III C-1	\$ 886	\$ 1,332	\$ (446)
Transfers to Title III C-2	<u>28,563</u>	<u>21,796</u>	<u>6,767</u>
Totals	<u>\$ 29,449</u> =====	<u>\$ 23,128</u> =====	<u>\$ 6,321</u> =====

Schedule 3
continued

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>TITLE III B SUPPORTIVE SERVICES</u>			
Salaries	\$ 60,571	\$ 60,679	\$ (108)
Fringe	4,631	4,642	(11)
Travel	923	804	119
Operating services	5,403	6,860	(1,457)
Operating supplies	8,702	8,701	1
Other costs	2,828	2,828	-
Meals	-	-	-
Capital outlay	-	-	-
	\$ 83,058	\$ 84,514	\$ (1,456)
Totals	\$ 83,058	\$ 84,514	\$ (1,456)
<u>TITLE III C AREA AGENCY ADMINISTRATION (AAA)</u>			
Salaries	\$ 8,385	\$ 8,388	\$ (3)
Fringe	647	642	5
Travel	-	-	-
Operating services	-	-	-
Operating supplies	109	111	(2)
Other costs	-	-	-
Meals	-	-	-
Capital outlay	-	-	-
	\$ 9,141	\$ 9,141	\$ -
Totals	\$ 9,141	\$ 9,141	\$ -
<u>TITLE III C-1</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Other costs	-	-	-
Meals:			
Raw food	24,661	24,849	(188)
Labor/non-edibles	19,064	19,210	(146)
Capital outlay	-	-	-
	\$ 43,725	\$ 44,059	\$ (334)
Totals	\$ 43,725	\$ 44,059	\$ (334)

SCHEDULE OF PROGRAM EXPENDITURES - BUDGET VS. ACTUAL

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana

For the year ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>LOCAL</u>			
Salaries	\$ 42,207	\$ 29,036	\$ 13,171
Fringe	2,607	2,482	125
Travel	6,789	7,150	(361)
Operating services	56,531	55,209	1,322
Operating supplies	9,739	9,055	684
Other costs	8,662	8,740	(78)
Meals	2,192	2,192	-
Interest expense	-	20	(20)
Capital outlay	851	550	301
Transfers to:			
Title III B Supportive Services	12,336	13,994	(1,658)
Title III C-2	-	825	(825)
Title III D	316	-	316
Title III F	939	1,371	(432)
	<u>\$143,169</u>	<u>\$130,624</u>	<u>\$ 12,545</u>
	=====	=====	=====
<u>PCOA - ACT 735</u>			
Salaries	\$ 9,652	\$ 9,645	\$ 7
Fringe	739	746	(7)
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Other costs	1,388	1,388	-
Meals	-	-	-
Capital outlay	-	-	-
	<u>\$ 11,779</u>	<u>\$ 11,779</u>	<u>\$ -</u>
	=====	=====	=====
<u>RESPITE CARE</u>			
Salaries	\$ 5,500	\$ 5,500	\$ -
Fringe	421	421	-
	<u>\$ 5,921</u>	<u>\$ 5,921</u>	<u>\$ -</u>
	=====	=====	=====

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

SPECIAL REVENUE FUNDS

St. John Parish Council on Aging, Inc.
BajPlace, Louisiana

For the year ended June 30, 1996

Title	Title III C					Senior Center	Audit	Utility Assistance	Miscellaneous Grant	Totals		
	AAA	C-1	C-2	III D	III E							
Services												
Intergovernmental:												
Governor's Office of Elderly Affairs	\$ 48,685	\$ 9,141	\$ 34,041	\$ 26,199	\$ 769	\$ 1,848	\$ 20,151	\$ 22,496	\$ 1,123	\$ -	\$ 4,500	\$ 168,953
Public support:												
LA Association of Councils on Aging	-	-	-	-	-	-	-	-	-	5,980	-	5,980
Client contributions	2,511	-	8,667	7,273	-	-	-	-	-	-	-	18,451
Miscellaneous:												
Guest meals	-	-	19	-	-	-	-	-	-	-	-	19
Total revenues	51,196	9,141	42,727	33,472	769	1,848	20,151	22,496	1,123	5,980	4,500	193,403
EXPENDITURES												
Current:												
Salaries	60,679	8,388	-	9,948	335	837	-	7,127	-	-	-	87,314
Fringe	4,642	642	-	761	26	64	-	545	-	-	-	6,680
Travel	804	-	-	-	-	-	-	-	-	-	-	804
Operating services	6,860	-	-	-	403	2,318	-	-	-	-	-	9,581
Operating supplies	8,701	111	-	48	5	-	-	-	-	-	-	8,865
Other costs	2,828	-	-	-	-	-	-	-	1,123	-	-	3,951
Meals	-	-	44,059	45,336	-	-	-	-	-	-	-	89,395
Utility assistance	-	-	-	-	-	-	-	-	-	5,005	-	5,005
Total expenditures	84,514	9,141	44,059	56,093	769	3,219	0	7,672	1,123	5,005	0	211,595
Excess of revenues over (under) expenditures	(33,318)	0	(1,332)	(22,621)	-	(1,371)	20,151	14,824	0	975	4,500	(18,192)
OTHER FINANCING SOURCES (USES)												
Operating transfers in	33,318	-	1,332	22,621	-	1,371	-	-	-	-	-	58,642
Operating transfers out	-	-	-	-	-	-	(23,128)	(14,824)	-	-	(4,500)	(42,452)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-	-	-	(2,977)	0	0	975	0	(2,002)
FUND BALANCE (DEFICIT)												
Beginning of year	-	-	-	-	-	-	15,605	0	-	326	0	15,931
End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,628	\$ 0	\$ 0	\$ 1,301	\$ 0	\$ 13,929

SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana

For the year ended June 30, 1996

Programs of the General Fund

	<u>Local</u>	<u>PCOA (Act 735)</u>	<u>Respite Care</u>	<u>Totals</u>
<u>REVENUES</u>				
Property tax	\$110,327	\$ -	\$ -	\$110,327
Intergovernmental:				
Governor's Office of Elderly Affairs	-	11,779	-	11,779
Public Support:				
United Way - Unrestricted	5,650	-	-	5,650
Donations - Unrestricted	2,022	-	-	2,022
Donations - Restricted	1,123	-	6,306	7,429
Miscellaneous:				
Senior Net	120	-	-	120
Other	87	-	-	87
Interest income	2,931	-	-	2,931
	<u>122,260</u>	<u>11,779</u>	<u>6,306</u>	<u>140,345</u>
Total revenues				
<u>EXPENDITURES</u>				
Current:				
Salaries	29,036	9,645	5,500	44,181
Fringe	2,482	746	421	3,649
Travel	7,150	-	-	7,150
Operating services	55,209	-	-	55,209
Operating supplies	9,055	-	-	9,055
Other costs	8,740	1,388	-	10,128
Meals	2,192	-	-	2,192
Interest expense	20	-	-	20
Capital outlay	550	-	-	550
	<u>114,434</u>	<u>11,779</u>	<u>5,921</u>	<u>132,134</u>
Total expenditures				
Excess of revenues over (under) expenditures	7,826	-	385	8,211
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	-	-	-	-
Operating transfers out	(16,190)	-	-	(16,190)
Excess of revenues and other sources over (under) expenditures and other uses	(8,364)	-	385	(7,979)
<u>FUND BALANCES</u>				
Beginning of year	21,128	-	252	21,380
End of year	\$ 12,764	\$ -	\$ 637	\$ 13,401
	=====	=====	=====	=====

SUPPLEMENTARY FINANCIAL INFORMATION

FINDINGS AND RECOMMENDATIONS - CURRENT YEAR

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana
For the year ended June 30, 1996

REPORTABLE CONDITIONS

The Design of the Council's Accounting System Is Not Providing Management the Most Accurate Information About the Council's Program Costs

Finding:

I have discussed in previous audits the need for the Council on Aging to change the manner in which it has been allocating costs to its programs. Presently, costs are allocated to most of the programs only to the extent that funds are provided under grants from the Governor's Office of Elderly Affairs. Costs in excess of the grant award, but related to the program funded by the grant, are paid for by the local funds, primarily property tax revenues, and charged to the General Fund. In other words, expenses are recorded based on the funds used to pay them rather than based on the purpose or program for which they were incurred.

This method of accounting could give someone the impression a program is costing only as much as the grant award provides, when in fact the actual costs may be much greater.

Cause:

This type of situation is common. Many of the bookkeepers employed by councils on aging are not knowledgeable about how to properly design and account for transactions which are unique to council on aging entities. Often times, formal training is not available and funds are limited to provide training, consultation, or enough money to attract the type of experienced person which is really necessary to handle the job. Accordingly, the bookkeepers do the best they can to set up an accounting system with limited experience and knowledge. Eventually an accounting system is developed which is adequate but, as new programs are added or changes occur that require modification to the existing system, the bookkeepers have difficulty adapting the system for the changes which have occurred.

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana

June 30, 1996

With Comparative Totals for the Year Ended June 30, 1995

	Governmental Fund Types		Account Group	Totals (Memorandum Only)	
	General	Special Revenue	General Fixed Assets	1996	1995
ASSETS AND OTHER DEBITS					
Assets:					
Cash	\$ -	\$ 1,277	\$ -	\$ 1,277	\$ 13,023
Property taxes receivable	20,207	-	-	20,207	17,698
Grants receivable	-	4,983	-	4,983	4,112
Insurance premium refund due	282	-	-	282	-
Due from General Fund	-	7,825	-	7,825	-
Due from Special Revenue Fund	-	-	-	-	343
Prepaid expense	-	-	-	-	1,900
Restricted assets:					
Cash	737	1,301	-	2,038	578
Fixed assets	-	-	193,435	193,435	196,482
Total assets	\$ 21,226	\$ 15,386	\$193,435	\$230,047	\$234,136
	=====	=====	=====	=====	=====
LIABILITIES, FUND EQUITY, AND OTHER CREDITS					
Liabilities:					
Accounts payable	\$ -	\$ 1,457	\$ -	\$ 1,457	\$ -
Due to Special Revenue Fund	7,825	-	-	7,825	-
Due to General Fund	-	-	-	-	343
Total liabilities	7,825	1,457	-	9,282	343
Fund Equity and Other Credits:					
Fund balances:					
Reserved for:					
Utility assistance	-	1,301	-	1,301	326
Prepaid expense	-	-	-	-	1,900
Respite care	637	-	-	637	252
Medic Alert Units	100	-	-	100	-
Unreserved - undesignated	12,664	12,628	-	25,292	34,833
Investment in general fixed assets	-	-	193,435	193,435	196,482
Total fund equity and other credits	13,401	13,929	193,435	220,765	233,793
Total liabilities, fund equity and other credits	\$ 21,226	\$ 15,386	\$193,435	\$230,047	\$234,136
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of this statement.

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Financial Report
St. John Parish Council on Aging, Inc.
LaPlace, Louisiana
June 30, 1996

under provisions of state law, this report is a public document. A copy of the report was sent to the attorney general, and other appropriate entities. 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 9661 4 2 390

- Specific requirements:
 - Type of services allowed or unallowed
 - Eligibility
 - Federal financial reports and claims for advances and reimbursements
 - Cost allocation
 - Voluntary contributions by participants

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, St. John Parish Council on Aging, Inc., LaPlace, Louisiana, had no major federal financial assistance programs and expended 72% of its total federal financial assistance under the following nonmajor federal financial assistance programs:

Title III C	\$40,016
Title III B	<u>25,529</u>
Total	\$65,545 =====

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 general requirements, specific requirements, 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.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under 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 St. John Parish Council on Aging, Inc., LaPlace, Louisiana's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

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LaPlace, Louisiana

June 30, 1996

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The reportable conditions have been more fully discussed on pages 49 to 51 of this report. The following items are summaries of the reportable conditions:

- The design of the Council on Aging's accounting system is not providing management the most accurate information about the Council's program costs; and,
- Errors were noted in the final reports filed with GOEA.

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 financial assistance program 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 policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted the following matter involving the internal control structure and its operation that I consider to be a material weakness, as defined above.

- The design of the Council on Aging's accounting system is not providing management the most accurate information about the Council's program costs.

I also noted other matters involving the internal control structure and its operation that I reported to the management of St. John Parish Council on Aging, Inc., LaPlace, Louisiana, during our exit conference on October 1, 1996. I have documented those matters that were discussed on pages 58 and 59 of this report.

This report is intended for the information of the Council's Board of Directors, management, Louisiana Governor's Office of Elderly Affairs, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Neil D. Ferrari, CPA

Baton Rouge, Louisiana,
October 1, 1996.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
St. John Parish Council on Aging, Inc.
LaPlace, Louisiana.

I have audited the accompanying general purpose financial statements of the St. John Parish Council on Aging, Inc., LaPlace, Louisiana, as of and for the year ended June 30, 1996. These general purpose financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these general purpose 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 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 St. John Parish Council on Aging, Inc., LaPlace, Louisiana, as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report (see page 3) dated October 1, 1996, on my consideration of St. John Parish Council on Aging, Inc.'s internal control structure and a report (see page 11) dated October 1, 1996, on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the St. John Parish Council on Aging, Inc., LaPlace, Louisiana, taken as a whole. The accompanying financial information listed as supplementary financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the St. John Parish Council on Aging, Inc., LaPlace, Louisiana. Such 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.

Neil B. Ferrari, CPA

Baton Rouge, Louisiana,
October 1, 1996.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
St. John Parish Council on Aging, Inc.
LaPlace, Louisiana.

I have audited the general purpose financial statements of St. John Parish Council on Aging, Inc., LaPlace, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated October 1, 1996.

I conducted my audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

The management of St. John Parish Council on Aging, Inc., LaPlace, Louisiana, 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 of 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 procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
St. John Parish Council on Aging, Inc.
LaPlace, Louisiana.

I have audited the general purpose financial statements of St. John Parish Council on Aging, Inc., LaPlace, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated October 1, 1996.

I conducted my audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to St. John Parish Council on Aging, Inc., LaPlace, Louisiana, is the responsibility of the Council's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Council'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 disclosed no instances that are required to be reported under Governmental Auditing Standards.

I noted immaterial instances of noncompliance with the above requirements, which I have communicated to management at the exit conference and documented on pages 49 to 51 and page 58 of this report.

This report is intended for the information of the Council's Board of Directors, management, Louisiana Governor's Office of Elderly Affairs, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Neil D. Fenari, CPA

Baton Rouge, Louisiana,
October 1, 1996.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Board of Directors,
St. John Parish Council on Aging, Inc.
LaPlace, Louisiana.

I have audited the general purpose financial statements of St. John Parish Council on Aging, Inc., LaPlace, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated October 1, 1996.

I have applied procedures to test St. John Parish Council on Aging, Inc.'s compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

General Requirements

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace
- 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 on the St. John 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 St. John Parish Council on Aging, Inc., LaPlace, Louisiana, had not complied, in all material respects, with those requirements. However, the results of my procedures disclosed immaterial instances of noncompliance with those requirements listed in the preceding paragraph and which are more fully discussed on pages 49 to 51 and page 58 of this report.

This report is intended for the information of the Council's Board of Directors, management, Louisiana Governor's Office of Elderly Affairs, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Neil B. Ferrari, CPA

Baton Rouge, Louisiana,
October 1, 1996.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Board of Directors,
St. John Parish Council on Aging, Inc.
LaPlace, Louisiana.

I have audited the general purpose financial statements of St. John Parish Council on Aging, Inc., LaPlace, Louisiana, as of and for the year ended June 30, 1996, and have issued my report thereon dated October 1, 1996.

In connection with my audit of the general purpose financial statements of St. John Parish Council on Aging, Inc., LaPlace, Louisiana, and with my 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 transactions 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; federal financial reports and claims for advances and reimbursements; cost allocations; and voluntary contributions by participants. 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 St. John Parish Council on Aging, Inc., LaPlace, Louisiana, had not complied, in all material respects, with those requirements. However, the results of my procedures disclosed immaterial instances of noncompliance with those requirements which are more fully discussed on pages 49 to 51 and page 58 of this report.

This report is intended for the information of the Council's Board of Directors, management, Louisiana Governor's Office of Elderly Affairs, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Neil B. Ferrari, CPA

Baton Rouge, Louisiana,
October 1, 1996.

Finding #2: -
(continued)

This method of accounting could give someone the impression a program is costing only as much as the grant award provides, when in fact the actual costs may be much greater. Further, the Council on Aging did not account for its payroll bank account within its general ledger during fiscal year 1996. This resulted in some client contributions (\$285.80) not being formally recorded on the books because the contributions were inadvertently deposited in the payroll bank account. These examples indicate design problems in the Council on Aging's accounting system.

Corrective Action: The design of the accounting system remained the same for fiscal year 1996. By the time this finding was reported to management, the Council was already half way through fiscal year 1996. It did not make sense to rework the entire chart of accounts or budget at that time. However, this finding will be corrected for fiscal year 1997. Steps were taken to redesign the chart of accounts, budget, and manners in which costs are allocated. I have restated parts of this finding as a current year reportable condition on page 49 of the audit because the corrective action was not taken until after June 30, 1996.

All transactions for the payroll account were recorded on the books in fiscal year 1996.

The management of St. John Parish Council on Aging, Inc., LaPlace, Louisiana 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, 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:

- Cash balances
- Grants, public support, program service fees, other revenues, and receivables
- Prepaid expenses
- Property and equipment
- Accounts payable
- Fund balances
- Expenditures for goods and services
- Payroll expenses and related liabilities
- Donated materials, facilities, and services
- Government financial assistance programs:
 - General requirements:
 - Political activity
 - Civil rights
 - Cash management
 - Federal financial reports
 - Allowable costs/cost principles
 - Drug-free Workplace Act
 - Administrative requirements

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Board of Directors,
St. John Parish Council on Aging, Inc.
LaPlace, Louisiana.

I have audited the general purpose financial statements of the St. John Parish Council on Aging, Inc., LaPlace, Louisiana as of and for the year ended June 30, 1996, and have issued my report thereon dated October 1, 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 Office of Management and Budget (OMB) 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 internal control structure of St. John Parish Council on Aging, Inc., LaPlace, Louisiana in order to determine my auditing procedures for the purpose of expressing my opinion on the Council's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated October 1, 1996 (see page 3).

In planning and performing my audit of the general purpose financial statements of St. John Parish Council on Aging, Inc., LaPlace, Louisiana, for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, 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 in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under 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 judgement, could adversely affect the organizations's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

The reportable conditions have been more fully discussed on pages 49 to 51 of this report. The following items are summaries of the reportable conditions:

- The design of the Council on Aging's accounting system is not providing management the most accurate information about the Council's program costs; and,
- Errors were noted in the final reports filed with GOEA.

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 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.

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. However, I noted the following matter involving the internal control structure and its operation that I consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of St. John Parish Council on Aging, Inc., LaPlace, Louisiana, for the year ended June 30, 1996.

- The design of the Council on Aging's accounting system is not providing management the most accurate information about the Council's program costs.

I also noted other matters involving the internal control structure and its operation that I reported to the management of St. John Parish Council on Aging, Inc., LaPlace, Louisiana, during our exit conference on October 1, 1996. I have documented those matters that were discussed on pages 58 and 59 of this report.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, and the Louisiana Governor's Office of Elderly Affairs. However, this report is a matter of public record and its distribution is not limited.

Neil B. Ferrari, CPA

Baton Rouge, Louisiana,
October 1, 1996.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES

St. John Parish Council on Aging, Inc.
LaPlace, Louisiana

For the year ended June 30, 1996

With Comparative Totals for the 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>				
Property tax	\$110,327	\$ -	\$110,327	\$112,271
Intergovernmental	11,779	168,953	180,732	236,208
Public support	15,101	24,431	39,532	33,369
Miscellaneous	207	19	226	814
Interest income	<u>2,931</u>	<u>-</u>	<u>2,931</u>	<u>2,184</u>
Total revenues	<u>140,345</u>	<u>193,403</u>	<u>333,748</u>	<u>384,846</u>
<u>EXPENDITURES</u>				
Current:				
Salaries	44,181	87,314	131,495	123,028
Fringe	3,649	6,680	10,329	9,694
Travel	7,150	804	7,954	7,414
Operating services	55,209	9,581	64,790	59,623
Operating supplies	9,055	8,865	17,920	19,180
Other costs	10,128	3,951	14,079	8,714
Meals	2,192	89,395	91,587	78,889
Interest expense	20	-	20	1,356
Capital outlay	550	-	550	51,054
Utility assistance	<u>-</u>	<u>5,005</u>	<u>5,005</u>	<u>5,439</u>
Total expenditures	<u>132,134</u>	<u>211,595</u>	<u>343,729</u>	<u>364,391</u>
Excess of revenues over (under) expenditures	8,211	(18,192)	(9,981)	20,455
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	-	58,642	58,642	42,718
Operating transfers out	<u>(16,190)</u>	<u>(42,452)</u>	<u>(58,642)</u>	<u>(42,718)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(7,979)	(2,002)	(9,981)	20,455
<u>FUND BALANCES</u>				
Beginning of year	<u>21,380</u>	<u>15,931</u>	<u>37,311</u>	<u>16,856</u>
End of year	\$ 13,401 =====	\$ 13,929 =====	\$ 27,330 =====	\$ 37,311 =====

The accompanying notes are an integral part of this statement.