

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.

I noted a certain matter involving the internal control structure and its operation that I consider to be a reportable condition 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 entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Condition: The Council does not maintain proper segregation of duties.

Analysis: The Council has only one person to perform all accounting functions.

Managements response: None necessary.

A material weakness is a 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 and 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.

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. 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 Board Members and Management. However, this report is a matter of public record, and its distribution is not limited.



Sulphur, Louisiana  
September 27, 1996

*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

104 WEST SECOND STREET  
DORRIDER, LOUISIANA 70634

TELEPHONE  
(318) 462-1001  
FAX  
(318) 462-0120

**Independent Auditor's Report on the Internal Control Structure  
Used in Administering Federal Financial Assistance Programs**

Board of Directors  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis council on Aging, Inc., as of and for the year ended June 30, 1996, and have issued my report thereon dated September 27, 1996. I have also audited the Jeff Davis Council on Aging's compliance with requirements applicable to non-major federal financial assistance programs and have issued my report thereon dated September 27, 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 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 financial statements are free of material misstatement and whether the Jeff Davis Council on Aging, Inc., has complied with laws and regulations, noncompliance with which would be material to a non-major federal financial assistance program.

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 financial statements of the Jeff Davis Council on Aging, Inc., and its compliance with requirements applicable to non-major programs 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 financial statements in a separate report dated September 27, 1996.

The management of the Jeff Davis 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, that transactions are executed in accordance with management's authorization and recorded properly to

Board of Directors  
September 27, 1996

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 all of the internal control structure categories, 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 Council expended 76% of its total federal financial assistance under 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 considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Council's non-major Federal Financial Assistance Programs which are identified in the accompanying Schedule of Federal Assistance.

My procedures were less in scope that 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 a certain matter involving the internal control structure and its operation that I consider to be a reportable condition 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 Council's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Condition: The Council did not maintain proper separation of duties

Analysis: The Council had only one employee to perform all accounting functions.

Managements response: None necessary.

Board of Directors  
September 27, 1996

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 condition and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe that the reportable condition described above is a material weakness.

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



Sulphur, Louisiana  
September 27, 1996

*Gleen O. Everhart*

*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

104 WEST SECOND STREET  
DeRIDDER, LOUISIANA 70634  
TELEPHONE  
(318) 462-1001  
FAX  
(318) 462-0120

**Independent Auditor's Report on Compliance Based on an Audit of  
Financial Statements Performed in Accordance With *Government Auditing  
Standards--No Material Instances of Noncompliance***

Board of Directors  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Council on Aging, Inc., as of and for the year ended June 30, 1996, and have issued my report thereon dated September 27, 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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Jeff Davis Council on Aging, Inc. 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 Jeff Davis Council on Aging, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

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

I detected certain areas of nonsignificant and/or inconsequential instances of noncompliance that do not meet *Government Auditing Standards* criteria for reporting. I have communicated those findings to the Jeff Davis Council on Aging, Inc., by letter dated September 27, 1996.

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

*Gleen O. Everhart*  
Sulphur, Louisiana  
September 27, 1996.

*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
-----  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

104 WEST SECOND STREET  
DeRIDDER, LOUISIANA 70634  
-----  
TELEPHONE  
(318) 462-1001  
FAX  
(318) 462-0120

**Independent Auditor's Report on Compliance With Specific  
Requirements Applicable to Major Financial Assistance  
Program Transactions**

Board of Directors  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Council on Aging, Inc., for the year ended June 30, 1996, and have issued my report thereon dated September 27, 1996.

In connection with my audit of the 1996 financial statements of the Jeff Davis Council on Aging, Inc., and with my consideration of the Council's internal control structure used to administer major federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of States and Local Governments." I selected certain transactions applicable to certain major 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 requirement listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Jeff Davis Council on Aging, Inc. had not complied, in all material respects, with those requirements.

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

*Gleen O. Everhart*

Sulphur, Louisiana  
September 27, 1996

*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

104 WEST SECOND STREET  
DeRIDDER, LOUISIANA 70634  
TELEPHONE  
(318) 462-1001  
FAX  
(318) 462-0120

**Independent Auditor's Report on Compliance With Specific  
Requirements Applicable to Non-major Financial Assistance  
Program Transactions**

Board of Directors  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Council on Aging, Inc., as of and for the year ended June 30, 1996, and have issued my report thereon dated September 27, 1996.

In connection with my audit of the 1995 financial statements of the Jeff Davis Council on Aging, Inc., 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 States and Local Governments". I selected certain transactions applicable to certain non-major 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 requirement listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Jeff Davis Council on Aging, Inc. had not complied, in all material respects, with those requirements.

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

*Gleen O. Everhart*

Sulphur, Louisiana  
September 27, 1996

*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

104 WEST SECOND STREET  
DORRIDER, LOUISIANA 70634

TELEPHONE  
(318) 462-1001  
FAX  
(318) 462-0120

**Independent Auditor's Report on Compliance With the General  
Requirements Applicable to Federal Financial Assistance Programs**

Board of Directors  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Council on Aging, Inc., as and for the year ended June 30, 1996, and have issued my report thereon dated September 27, 1996.

I have applied procedures to test the Jeff Davis 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 the Council'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 non-compliance 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 Council had not complied, in all material respects, with those requirements.

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

*Gleen O. Everhart*

Sulphur, Louisiana  
September 27, 1996



*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

104 WEST SECOND STREET  
DORRIDER, LOUISIANA 70634  
TELEPHONE  
(318) 462-1001  
FAX  
(318) 462-0120

**Independent Auditor's Report on Supplementary Schedule of  
Federal Financial Assistance**

Board of Directors  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Council on Aging, Inc., as of and for the year ended June 30, 1996, and have issued my report thereon dated September 27, 1996. These general purpose financial statements are the responsibility of the Jeff Davis 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 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 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.

My audit was conducted for the purpose of forming an opinion on the financial statements of Jeff Davis Council on Aging, Inc. taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Gleen O. Everhart*  
Sulphur, Louisiana  
September 27, 1996

**COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS**  
**JEFFERSON DAVIS COUNCIL ON AGING, INC.**  
**JENNINGS, LOUISIANA**

June 30, 1996

With Comparative Totals for the Year Ended June 30, 1995

	Governmental		Account		Totals
	Fund Types		Groups		
Assets and Other Debits	General	Special Revenue	Fixed Assets	(Memorandum Only)	1996
Assets					
Cash	\$ 22,725	\$ 64,913	\$	\$ 33,314	\$ 87,638
Due from other funds		8,362		398	8,362
Prepaid expenses	4,951			2,886	4,951
Grants receivable	9,926			0	9,926
Fixed assets			147,187	84,037	147,187
<b>Total assets and other debits</b>	<b>\$ 37,602</b>	<b>\$ 73,275</b>	<b>\$ 147,187</b>	<b>\$ 120,635</b>	<b>\$ 258,064</b>
<b>Liabilities, Fund Equity, and Other Credits</b>					
Liabilities					
Accrued expenses	\$ 6,025	\$ 8,911	\$	\$ 7,165	\$ 14,936
Accounts payable	6,266	224		0	6,490
Due to other funds	8,362			0	8,362
<b>Total liabilities</b>	<b>20,653</b>	<b>9,135</b>	<b>0</b>	<b>7,165</b>	<b>29,788</b>
Fund equity and other credits					
Fund balance-unreserved	7,272	64,140		26,547	71,412
Fund balance-reserved	9,677			2,886	9,677
Investments in general fixed assets			147,187	84,037	147,187
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 37,602</b>	<b>\$ 73,275</b>	<b>\$ 147,187</b>	<b>\$ 120,635</b>	<b>\$ 258,064</b>

*Gleen O. Overhart*

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICIT)  
ALL GOVERNMENTAL FUND TYPES  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana  
For the Year Ended June 30, 1996**

**With Comparative Totals for the Year Ended June 30, 1995**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals ( Memorandum Only)</b>	
<b>Revenues</b>			<b>1995</b>	<b>1996</b>
Intergovernmental	\$ 40,400	\$ 895,760	\$ 200,402	\$ 936,160
Miscellaneous	11,078	3	0	11,081
Public support	27,461	1,854	0	29,315
Program income	0	58,818	100,205	58,818
Interest	303	0	342	303
<b>Total revenues</b>	<b>79,242</b>	<b>956,435</b>	<b>300,949</b>	<b>1,035,677</b>
<b>Expenditures</b>				
<b>Current</b>				
Salaries		535,119	149,879	535,119
Fringe	0	104,485	23,588	104,485
Meals	328	0	0	328
Travel & Transportation	5,161	50,968	11,588	56,129
Operating services	933	191,312	82,369	192,245
Operating supplies	0	37,588	15,936	37,588
Other costs	12,474	363	0	12,837
Capital outlay	0	29,624	2,062	29,624
<b>Debt service</b>				
Principle	898		1,820	898
Interest	815		1,652	815
<b>Total expenditures</b>	<b>20,609</b>	<b>949,459</b>	<b>288,894</b>	<b>970,068</b>
Excess of revenues over (under) expenditures	58,633	6,976	12,055	65,609
<b>Other Financing Sources (Uses)</b>				
Operating transfers-in		101,412	132,874	101,412
Operating transfers-out	(68,111)	(34,200)	(132,874)	(102,311)
Excess of revenues and other sources over (under) expenditures and other uses	(9,478)	74,188	12,055	64,710
<b>Fund Balances (Deficit)</b>				
Beginning of year	26,427	3,006	17,377	29,433
End of year	\$ 16,949	\$ 3,006	\$ 17,377	\$ 29,433

The accompanying notes are an integral part of this statement.

*Gleen O. Everhart*

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE (DEFICIT) BUDGET (GAAP) BASIS VS ACTUAL  
GENERAL FUND TYPE  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana  
For the Year Ended June 30, 1996**

<b>Revenues</b>	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
Intergovernmental	\$ 45,450	\$ 40,400	\$ 5,050
Sundry		11,078	(11,078)
Public support	98,965	27,461	71,504
Interest		303	(303)
<b>Total revenues</b>	<b>144,415</b>	<b>79,242</b>	<b>65,173</b>
<b>Expenditures</b>			
<b>Current</b>			
Salaries			0
Meals		328	(328)
Travel		5,161	(5,161)
Operating services	11,000	933	10,067
Operating supplies	2,500	0	2,500
Sundry		12,474	(12,474)
Capital outlay	700	0	700
<b>Debt service</b>			
Principle	2,032	898	1,134
Interest	1,900	815	1,085
<b>Total expenditures</b>	<b>18,132</b>	<b>20,609</b>	<b>(2,477)</b>
Excess of revenue over (under) expenditures	126,283	58,633	67,650
<b>Other Financing Sources (Uses)</b>			
Operating transfers-out		(68,111)	
Excess of revenues and other sources over (under) expenditures and other uses	126,283	(9,478)	135,761
<b>Fund Balance</b>			
Beginning of year		26,427	
End of year	\$ 126,283	\$ 16,949	\$ 135,761

The accompanying notes are an integral part of this statement.

*Gleen O. Soerhart*

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE (GAAP) BASIS VS ACTUAL  
SPECIAL REVENUE FUNDS  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana  
For the Year Ended June 30, 1996**

<b>Revenues</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Intergovernmental	\$ 815,003	\$ 895,760	\$ 80,757
Public Support		1,854	1,854
Program income	6,800	58,818	52,018
Sundry		3	3
Total revenues	821,803	956,435	134,632
<b>Expenditures</b>			
Current			
Salaries	442,005	535,119	(93,114)
Fringe	21,384	104,485	(83,101)
Travel	18,000	50,968	(32,968)
Capital Outlay		29,624	(29,624)
Operating services	43,383	191,312	(147,929)
Operating supplies	17,000	37,588	(20,588)
Sundry		363	(363)
Total expenditures	541,772	949,459	(407,324)
Excess (deficiency) of revenues over expenditures	280,031	6,976	(272,692)
<b>Other Financing Sources (Uses)</b>			
Operating transfers-in		101,412	
Operating transfers-out		(34,200)	
Excess (deficiency and other sources over expenditures and other uses	280,031	74,188	205,843
<b>Fund Balance:</b>			
Beginning of year		3,006	
End of year	\$ 280,031	\$ 77,194	\$ 205,843

The accompanying notes are an integral part of this statement.

*Gleen O. Everhart*

## COMPARATIVE NOTES TO FINANCIAL STATEMENTS

Jefferson Davis Council on Aging, Inc.

Jennings, Louisiana

June 30, 1996

### Note 1 - Summary of Significant Accounting Policies

#### A. Reporting Entity

In 1964, the State of Louisiana passed Act 456 that 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 Jefferson Davis Council on Aging, Inc. is a nonprofit corporation that must comply with the policies and regulations established by the Governor's Office of Elderly Affairs, the state Center that provides the Council with some of its revenues. The council also receives revenues from other federal, state, and local government agencies that may impose certain restrictions upon how the Council can use the money that they have provided.

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

The primary function of the Jefferson Davis Council on Aging, Inc. is to improve the quality of life for the parish's elderly and to provide services to the elderly and coordinate and monitor the services of other local agencies serving the aging people of the parish. Such services to the elderly and 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, operating senior centers, and transportation. A Board of Directors, consisting of 15 voluntary members who serve three-year terms, governs the Council.

#### B. Presentation of Statements

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 requirement set forth by *Audits of State and Local Governmental Units*, the industry audit guide issued by the *American Institute of Certified Public Accountants'* Subsection VI-Annual Financial Reporting, accounting manual for Governor's Office of Elderly contractors; and, the *Louisiana Governmental Audit Guide*.

**C. Fund Accounting**

The accounts of the Council are organized based on 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 individual funds based upon the purpose for which they are to be spent and the means by which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories (account groups).

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

**1. General Fund**

The General Fund is the general operating fund of the Council. It is used to account for all financial resources but 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 types of programs comprise the Council's General Fund:

**a. Local**

Local funds are received from various local sources; such funds not being restricted to any special use.

The Council's program participants also generate revenues through a variety of fund raising activities that are not sponsored by any particular grant award. Revenues and expenses relating to these activities are accounted for as part of the General Fund's local program.

**b. 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.

c. Section 5311

Section 5311 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 area residents within Jeff Davis Parish. Because money received under this program is for costs previously incurred, it is available for used as the Council may desire.

**2. 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 are the funds that comprise the Council's Special Revenue Funds:

1. Title III-B Supportive Services

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.

2. 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 that foster their independence, enhance their dignity, and encourage their involvement in and with the community.

3. Title III-D Fund

The Title III-D fund is used to account for funds used to provide in-home services to frail older individuals, 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.

4. Title III-F

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) nutritional (assessment/screening, counseling, and education).

The law directs the state agency administering this program to "give priority to areas of the state that are medically under served 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.

5. Project Care

The Project Care 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 Jefferson Davis Parish Council on Aging so that it can provide assistance to the elderly for the payment of their utility bills.

6. 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.

7. Child and Adult Care Food Program

The agency participates in this USDA Program as part of their Head Start Program. The USDA funds are passed through the Louisiana Department of Education to the JDCOA where they are accounted for as part of the Head Start Program.

8. Federal Emergency Management Food and Shelter Program

The JDCOA administers the Federal Emergency Management Food and Shelter Program in the Jeff Davis Parish area. Funds received from this program are used by the COA to provide food and shelter to qualified recipients under emergency conditions.

9. Family support

The COA contracts with the Parish Office of Family Support to provide transportation for children in the parish area. Funds are provided by the US Department of HHS and are passed through the Louisiana Department of HHS.

10. Head Start Program

At the beginning of the fiscal year, the Jeff Davis COA became the grantee agency for the Jeff Davis Head Start Program. All funds are received from the US Department of HHS and are accounted for in the COA's Special Revenue Fund - Head Start Program, because the COA is required by the GOEA, State of Louisiana to use a fund accounting system. The GOEA does not consider this to be a departure from GAAP. Therefore, these statements are considered to be in accordance with GAAP.

**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 two account groups are not "funds."

1. General Fixed Assets

The fixed assets (capital outlays) used in governmental fund type operations of

Jefferson Davis Council on Aging, Inc. is accounted for (capitalized) in the General Fixed Assets Account Group and are recorded as expenditures in the government fund types when purchased.

2. General Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account group shows only the measurement of financial position and is not involved with measurement of results of operations.

**E. Basis of accounting**

The accounting and financial reporting treatment applied to a fund are 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 in which 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 that 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.

**G. Budget Policy**

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

1. The Governor's Office of Elderly Affairs "GOEA" notifies the Council each year as to the funding levels for each program's grant award.
2. The executive Director prepares a proposed budget based on the funding levels provided by GOEA and then submits the budget to the Board of

Directors for approval.

3. The Board of Directors review and adopt the budget before June 30 of the current year for the next 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 (June 30)
6. The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
7. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.
8. Actual amounts are compared with budgeted amounts periodically during the fiscal year as a management control device.
9. 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.
10. Expenditures cannot legally exceed appropriations on an individual fund level.
11. Amounts were not budgeted for revenues and expenses for the Project Care Fund because they were not legally required and the amount of revenue to be received under this program could not be determined.
12. The budget practices of the Head Start Program are basically the same as those outlined above, with the exception of planning, approving, and amending the Head Start budget. Within the Head Start Program, the Policy Council is required to be involved in the planning, approving and amending of the budget.

#### **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, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**I. Fixed Assets, Including Property Leased Under Capital Leases**

Fixed assets are recorded as expenditures in the general fund, and are capitalized at cost in the general fixed assets account group. Governmental fund acquired assets of the Council on Aging, Inc. are not depreciated. Assets are recorded at original cost or estimated historical cost. Donated fixed assets are stated at their estimated fair market value on the date donated. The cost of fixed assets acquired prior to July 1, 1988 were valued at their estimated fair market value.

The Council has classified its fixed assets as follows:

- Vehicles
- Building improvements
- Equipment

The Council on Aging, Inc. does not have any infrastructure assets.

Interest expense incurred during construction, if any, is not capitalized when the assets will be reported in the general fixed assets account group.

Capital leases are recorded at the inception of the lease as capital outlay expenditures and other financing sources in governmental fund types and as assets and liabilities in the General Fixed Asset and General Long-term Debt accounts groups, respectively, at the present value of the minimum lease payments, using the interest rates stated in the leases. Lease payments are recorded as expenditures on the due date; the portion of the payments applicable to principal, determined by using interest rates implicit in the lease, are reported as reduction of the capitalized lease obligation in the General Long-term account group.

The JDCOA became the new Head Start Grantee Agency for Jeff Davis Parish on July 1, 1995. No auditable records of the balance of Head Start fixed assets were made available to the COA. Consequently, the Schedule of changes in General Fixed Assets does not reflect a balance in fixed assets for the Head Start Program at June 30, 1995.

The COA made an inventory of the fixed assets on hand and valued those assets at their estimated fair market value. Subsequently, they used this inventory, a list of the vehicles purported to be on hand at the close of Fiscal Year 1995, and the recorded additions during Fiscal year 1996 to estimate the amount shown in the additions column of the Schedule of General Fixed Assets.

Not all of the vehicles reported as on hand at the close of 1995 was actually received. Therefore, the COA considered the vehicles not received to be deletions from the Schedule of General Fixed Assets at the close of FY 96. Also, the COA scrapped three

of the vehicles that were received. They had an estimated value of \$4,250.

**J. Long-Term Liabilities**

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term debt account group.

Principal and interest payments on long-term liabilities (capital lease obligations) are accounted for in the general fund because the Council intends to use general fund revenues to pay them.

**K. 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.

**L. Compensated Absences**

Vacation leave is accrued as a liability when earned by the employees since the employees "right to receive compensation is already rendered and it is probable that the Council will compensate the employee's for benefits earned. A liability for sick pay is not recorded since sick pay does not vest.

If material, vacation leave liability that is expected to be liquidated with expendable available financial resources, is reported as an expenditure and a fund liability of the governmental fund that is responsible for payment. Amounts that are not expected to be liquidated with expended available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

**M. Prepaid Items**

Payments made to vendors for items that will benefit periods beyond June 30, 1996 are recorded as prepaid items.

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

**A. Intergovernmental Grants**

Intergovernmental grant revenues (Special Revenue Funds) are recorded in governmental funds as revenues in the accounting period when they become measurable and available.

Title III-B, D, F, Senior Center, Family Support, and State Allocation (Act 735) funds are received as a monthly allocation of the total grant in advance of the actual expenditures are made. These funds are measurable, but not available. Therefore, they are recorded as revenue when received. Section 5311, Audit funds, and FEMA funds are also recorded as revenue when they are earned. They are considered earned when the expenditure(s) have been made.

Funds received from local governmental agencies are recorded in the general fund as revenue when they are received.

The Council on Aging, Inc., is the sponsor for the Jeff Davis Head Start Program. At the beginning of each fiscal year, the Council is notified of the amount they will receive during the coming year and they are reimbursed as they earn the revenue. Earning takes place when the expenditures are incurred. The Jeff Davis Council on Aging, Inc. is a not-for-profit agency and under normal circumstances would follow FASB Statements 116 and 117 when presenting financial statements. However, the Council must follow State (GOEA) guidelines when presenting their financial statements and the GOEA requires them to follow principles established for State and Local Governments. Therefore, they use a fund accounting system and the modified accrual accounting system. Under this system revenues are recorded only when they are acceptable to accrual. Head Start funds are not susceptible to accrual under GASB guidelines.

If the Council followed FASB Statements 116 and 117, Head Start funds would not be recorded as revenue until the expenditure has been made. The reason is Head Start funds are not considered an unconditional promise to give. The Head Start grant is an expenditure driven grant, therefore, the revenue is not earned until the expenditure has occurred.

This explains why total revenue recognized in the Head Start Program was only \$721,848, when the total amount of the grant was \$862,315.

The Council on Aging, Inc. has proposed to the funding agency, a priority list of equipment that they would like to purchase for their Head Start Program. The funds for this list are the \$140,467 to be carried over to the new year. It should be recognized that should the funding agency agree to the carryover and the purchase of equipment, the \$140,467 will be recorded as revenue in FY 1997.

**B. Public Support and Miscellaneous Revenues**

The Council encourages and received contributions from clients to help offset the costs of the Title III-B, and D programs. Utility assistance funds are provided from public donations to the Project Care Program sponsored by Gulf States Utilities. In addition, various fund raisers are held during the year to obtain funds to offset costs of general operations and senior center activities. The timing and amounts of the receipts of public support and miscellaneous revenues are difficult to predict; therefore, they are not susceptible to accrual and are recorded as revenue in the period received.

**Note 3 - Deposits**

At the end of the year, the carrying amount of the Council's unrestricted deposits was \$87,638 and the bank balance was \$87,638. The bank balance was covered by the FDIC.

**Note 4 - Investments**

The Council had no funds invested as of June 30, 1996.

**Note 5 - Board of Director's Compensation**

The Board serves as a group of volunteers; therefore no compensation has been recorded or paid to the members of the Board. However, Board Members are reimbursed for out-of-town travel expenses incurred in accordance with the council's regular personnel policy.

**Note 6 - Income Tax Status**

The Council is a tax exempt non-profit corporation under the provisions of Section 501 (c) (3) of the Internal Revenue Service Code.

**Note 7 - Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursement, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as



operating transfers. These transactions are recorded on the balance sheet as due to/from other funds.

**Note 8 - Judgments, Claims and Similar Contingencies**

There is no litigation pending against the Council at June 30, 1996. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by Insurance.

The Council receives revenues from various Federal and State grant programs which are subject to final review and approval as to allocability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized

in the period in which agreed upon by the Center 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 9 - Federally Assisted Program**

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.

**Note 10 - Commitments - Operating Leases**

During the year, the COA entered into an agreement with Lanier Worldwide, Inc., to lease three (3) copiers. These agreements cover both the rental (\$16,845) and service (\$15,075) and provisions for maintenance annual payments as follows:

<u>Year</u>	<u>Monthly Payment</u>	<u>Annual Expenditure</u>
1	\$ 752	\$ 9,024
2	752	9,024
3	752	9,024
4	752	9,024
5	752	<u>9,024</u>
Total obligation under operating leases		\$ <u>45,120</u>

These leases do not meet the criteria for capital leases under FASB 13 or GASB 13 therefore, they have been properly recorded as operating leases.

**Note 11 - Economic Dependency**

The Council receives 30% of its revenue from funds provided through grants administered by the Louisiana Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and state governments. In the past significant budget cuts at the federal and/or state level, would have had an adverse impact on the Council's operation budget. However, management feels that the problem of dependency no longer exists..

**Note 12 - Operating Transfers**

Operating transfers in/out are listed by fund for 1996.

	Operating Transfers <u>IN</u>	Operating Transfers <u>Out</u>
General Fund	\$	<u>\$101,412</u>
Special Revenue Funds		
Title III-B	26,454	
Title III-D	4,254	
Title III-F	2,443	
Senior Center	<u>68,261</u>	
Total all funds	<u>\$101,412</u>	

**Note 13 - Reservation of Fund Balance**

The Council has reserved \$9,677 of its general fund balance for prepaid insurance and funds held for other activities as follows:

Reserved for prepaid insurance	\$4,951
Reserved for other activities (Emergency Food & Shelter)	<u>4,726</u>
Total	<u>\$9,677</u>

**Note 14 - Changes in General Fixed Assets**

	Balance <u>6/30/95</u>	Additions	Deletions	Balance <u>6/30/96</u>
<u>General Fixed Assets</u>				
Vehicles	\$61,932	\$64,036	<u>\$27,628</u>	\$ 98,340
Building improvements	0	14,428		14,428
Equipment	<u>22,105</u>	<u>12,314</u>		<u>34,419</u>
Totals	<u>\$84,037</u>	<u>\$90,778</u>	<u>\$27,628</u>	<u>\$147,187</u>

**Note 15 - Fund Equity**

Reserved represents those portions of fund equity not appropriated for expenditures or legally segregated for specific use.

Unreserved fund balances indicate that portion of fund equity which is available for budgeting in future years subject to appropriation.

**Note 16 - Cash and Cash Equivalents**

In accordance with GASB statement 9, for reporting purposes, the Council has developed a definition of cash equivalents. Cash equivalents are demand deposit accounts and certificates of deposit with original maturities of three months or less.

**SCHEDULE OF PROGRAM AND REVENUES AND EXPENDITURES  
GENERAL FUND**

**Jeff Davis Council on Aging, Inc.  
For the Year Ended June 30, 1996**

	<i>Programs of The General Fund</i>			<b>Totals</b>
	<b>Local</b>	<b>PCOA Act 735</b>	<b>Section 5311</b>	
<b>Revenues</b>				
Intergovernmental				
Office of Elderly Affairs	\$	\$ 11,779	\$	\$ 11,779
Local governments	40,400			40,400
LA DOTD			56,332	56,332
Interest	303			303
Public support	27,461			27,461
Sundry	10,255			10,255
Sale of T-shirts	277			277
Other	546			546
<b>Total revenues</b>	<b>79,242</b>	<b>11,779</b>	<b>56,332</b>	<b>147,353</b>
<b>Expenditures</b>				
Current				
Salaries				0
Fringe				0
Meals	328			328
Travel	5,161			5,161
Operating services	933			933
Operating supplies				0
Capital outlay				0
Sundry	12,474			12,474
Debt service				
Principal	898			898
Interest	815			815
<b>Total expenditures</b>	<b>20,609</b>	<b>0</b>	<b>0</b>	<b>20,609</b>
<b>Excess of revenues over     (under) expenditures</b>	<b>58,633</b>	<b>11,779</b>	<b>56,332</b>	<b>126,744</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers-in				
Operating transfers-out		(11,779)	(56,332)	(68,111)
<b>Excess of revenues and other     sources over (under) expenditures     and other uses</b>	<b>58,633</b>	<b>0</b>	<b>0</b>	<b>58,633</b>
<b>Fund Balances</b>				
Beginning of year	26,427			26,427
End of year	\$ 85,060	\$ 0	\$ 0	\$ 85,060

**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
 Jeff Davis Council on Aging, Inc.  
 Jennings, Louisiana  
 June 30, 1996

		Tours	Emergency Food & Shelter	Project Care	Head Start	Total (Memorandum Only)
<b>Assets</b>						
Cash	\$	1,485	\$	3,430	\$	\$ 64,913
Due from other funds			4,726		3,636	8,362
<b>Total Assets</b>	\$	1,485	\$	3,430	\$	\$ 73,275
<b>Liabilities</b>						
Accrued expenses	\$	0	0	0	8,911	\$ 8,911
Accounts payable					224	224
<b>Total liabilities</b>		0	0	0	9,135	9,135
<b>Fund Balance</b>						
Fund Balance		1,485	4,726	3,430	54,499	64,140
<b>Total liabilities and fund balance</b>	\$	1,485	\$	3,430	\$	\$ 73,275

*Gleen O. Soverhart*

**COMBINING STATEMENT OF PROGRAM REVENUES AND EXPENDITURES**  
**SPECIAL REVENUE FUNDS**  
**JEFFERSON DAVIS COUNCIL ON AGING, INC.**  
**JENNINGS, LOUISIANA**

For the Year Ended June 30, 1996

Revenues	Title III-B	Title III-D	Title III-F	Senior Center	Tours
Intergovernmental					
Governor's Office of Elderly Affairs	\$ 53,274 \$	1,384 \$	3,283 \$	27,587 \$	
Miscellaneous	4,500				
Public support					
Program income	1,618			13,922	3,460
Total revenue	59,392	1,384	3,283	41,509	3,460
<b>Expenditures</b>					
Current					
Salaries	60,461	3,545	3,324	17,507	
Fringe	10,174	850	740	19,923	
Travel	5,557	485	251	6,186	
Operating services	8,933	720	635	53,539	3,260
Operating supplies	721	38	776	12,615	
Total expenditures	85,846	5,638	5,726	109,770	3,260
Excess of revenues over (under) expenditures	(26,454)	(4,254)	(2,443)	(68,261)	200
<b>Other Financing Sources (Uses)</b>					
Operating transfers-in	26,454	4,254	2,443	68,261	
Operating transfers-out					
Excess of revenues and other sources over (under) expenditures and other uses	0	0	0	0	200
<b>Fund Balance (Deficit)</b>					
Beginning of year	0	0	0	0	1,285
End of year	\$ 0 \$	0 \$	0 \$	0 \$	1,485

*Gleen O. Everhart*

Schedule 3 (Continued)

	Audit Fund	Project Care	Family Support	Head Start	Emergency Food & Shelter	Totals
<b>Revenues</b>						
Intergovernmental	\$	\$	\$	\$	\$	\$
Governor's Office of Elderly Affairs	1,285			54,819		86,813
USDA				721,848		54,819
US Dept. HHS					22,280	721,848
USFEMA						22,280
Rural Development Grant				10,000		10,000
Client contributions				755		755
Employee lunches				1,099		1,099
Miscellaneous				3		4,503
Program Income		5,618	34,200			58,818
Total revenue	1,285	5,618	34,200	788,524	22,280	960,935
<b>Expenditures</b>						
Salaries				450,282		535,119
Fringe				72,798		104,485
Travel				38,489		50,968
Operating services	1,285	3,909		119,031	17,554	208,866
Operating supplies				23,438		37,588
Capital outlay				29,624		29,624
Sundry				363		363
Total expenditures	1,285	3,909	0	734,025	17,554	967,013
Excess of revenues over (under) expenditures	0	1,709	34,200	54,499	4,726	(6,078)
<b>Other Financing Sources (Uses)</b>						
Operating transfers-in						101,412
Operating transfers-out			(34,200)			(34,200)
Excess of revenues and other sources over (under) expenditures and other uses	0	1,709	0	54,499	4,726	61,134
<b>Fund Balance (Deficit)</b>						
Beginning of year	0	1,721	0	0	0	3,006
End of year	0	3,430	0	54,499	4,726	64,140

Gleen O. Everhart

## SCHEDULE OF EXPENDITURES-BUDGET VS ACTUAL

Jeff Davis Council on Aging, Inc.

Jennings, Louisiana

For the Year Ended June 30, 1996

Local	Budget	Actual	Variance Favorable (Unfavorable)
Salaries	\$	\$	\$ 0
Fringe			0
Meals		328	(328)
Travel	5,161	5,161	0
Operating services	11,000	933	10,067
Operating supplies	2,500		2,500
Capital outlay	700		700
Sundry		12,474	(12,474)
Debt service			
Principle retirement	2,032	898	1,134
Interest	1,900	815	1,085
Totals	\$ 23,293	\$ 20,609	\$ 2,684
<b>PCOA [ACT 735]</b>			
Transfers to other funds	\$ 11,779	\$ 11,779	\$ 0
<b>Section 5311</b>			
Transfers to other funds	\$ 63,713	56,332	\$ 7,381
<b>Title III-B Supportive Services</b>			
Salaries	\$ 46,144	\$ 60,461	\$ (14,317)
Fringe	6,958	10,174	(3,216)
Travel	7,394	5,557	1,837
Operating services	5,914	8,933	(3,019)
Operating supplies	582	721	(139)
Totals	\$ 66,992	\$ 85,846	\$ (18,854)
<b>Senior Center</b>			
Salaries	\$ 87,374	\$ 17,507	\$ 69,867
Fringe	13,149	19,923	(6,774)
Travel	9,521	6,186	3,335
Operating services	31,820	53,539	(21,719)
Operating supplies	15,405	12,615	2,790
Totals	\$ 157,269	\$ 109,770	\$ 47,499
<b>Title III-D</b>			
Salaries	\$ 3,918	\$ 3,545	\$ 373
Fringe	590	850	(260)
Travel	507	485	22
Operating services	490	720	(230)
Operating supplies	48	38	10
Totals	\$ 5,553	\$ 5,638	\$ (85)



## SCHEDULE OF EXPENDITURES-BUDGET VS ACTUAL

Jeff Davis Council on Aging, Inc.

Jennings, Louisiana

For the Year Ended June 30, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Title III-F</b>			
Salaries	\$ 4,569	\$ 3,324	\$ 1,245
Fringe	687	740	(53)
Travel	587	251	336
Operating services	659	635	24
Operating supplies	965	776	189
Totals	\$ 7,467	\$ 5,726	1,741
<b>Audit Fund</b>			
Operating services	\$ 1,285	\$ 1,285	\$ 0
<b>Head Start</b>			
Salaries	\$ 447,067	\$ 450,282	\$ (3,215)
Fringe	78,794	72,798	5,996
Travel	44,854	38,489	6,365
Operating services	134,833	119,031	15,802
Operating supplies	60,481	23,438	37,043
Capital Outlay	96,286	29,624	66,662
Sundry		363	(363)
Totals	\$ 862,315	\$ 734,025	\$ 131,868
<b>Emergency Food &amp; Shelter</b>			
Operating services	\$ 22,280	\$ 17,554	\$ 4,726
<b>Family Support</b>			
Operating services	\$ 34,200	\$ 34,200	\$ 0

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS

Jeff Davis Council on Aging, Inc.

Jennings, Louisiana

June 30, 1996

	Balance June 30, 1995	Additions	Deletions	Balance June 30, 1996
<b>General Fixed Assets, At Cost</b>				
Vehicles	\$ 61,932	\$ 64,036	\$ 27,628	\$ 98,340
Building improvements	0	14,428		14,428
Equipment	22,105	12,314		34,419
Totals	<u>\$ 84,037</u>	<u>\$ 90,778</u>	<u>\$ 27,628</u>	<u>\$ 147,187</u>
<b>Investments in General Fixed Assets</b>				
Property acquired prior to June 30, 1988*	12,768			12,768
Property acquired after July 1, 1988 with funds from				
Title III C-1	840	\$	\$	840
Title III C-2	1,849			1,849
Title III G	1,096			1,096
Local	12,205			12,205
UTMA	42,569			42,569
Head Start (Note I)	0	90,778	27,628	63,150
Section 5311	12,710			12,710
Totals	<u>\$ 84,037</u>	<u>\$ 90,778</u>	<u>\$ 27,628</u>	<u>\$ 147,187</u>

\*Records reflecting sources from which assets were acquired were not maintained prior to June 30, 1988

Gleen O. Everhart

## SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Jeff Davis Council on Aging, Inc.  
 Jennings, Louisiana  
 For The Year Ended June 30, 1996

Program Title	Federal CFDA Number	Expenditures
USDA passed through LA Dept. of Education Child and adult Food Program	10.588	\$ 54,819
U.S. Department of Health & Human Services Head Start *	96.600	721,848
U.S. Department of Health & Human Services passed through the Louisiana Governor's Office of Elderly Affairs	93.044	53,274
Title III Supportive services and senior center	93.046	1,384
Title III D For frail older individuals	93.043	3,283
Title III F Disease prevention and health		
U.S. Department of Transportation passed through State DOTD FTA Grant #LA-18-x013, State Project #741-27-0102- Section 5311-Rural Transportation	20.509	56,332
U.S. Department of Health & Human Services passed through Louisiana DHHS Family support payments to states-assistance payments	93.560	34,200
Federal Emergency Management Agency Federal Emergency Management Food & Shelter Program	83.523	22,280
Totals		\$ 947,420

\* Denotes a major program

Glen O. Everhart

**SCHEDULE OF PAYMENTS TO MEMBERS OF THE BOARD**  
**Jeff Davis Council on Aging, Inc.**  
**Jennings, Louisiana**  
**For the Year Ended June 30, 1996**

None

**JEFF DAVIS COUNCIL ON AGING, INC.**

***CORRECTIVE ACTION TAKEN OF PRIOR YEAR FINDINGS***

**June 30, 1996**

Corrective action has been taken on prior year audit findings, as reported to the Legislative Auditor, except:

Individual segregation of accounting functions.

This finding is still valid for the current year.

**JEFF DAVIS COUNCIL ON AGING, INC.**

***EXIT CONFERENCE***

An exit conference was held on September 27, 1996 at the JDCOA Complex. Those in attendance were Gleen O. Everhart, CPA, Mr. Sheldon Breaux, President of JDCOA, Mrs. Helen Langley, Executive Director of the JDCOA.

I reported to them that I did discover a material weakness in internal control and no instances of non-compliance with federal and state laws.

I have also issued a separate management letter, dated September 27, 1996, to provide additional recommendations to the Council to improve its operation. My findings and recommendations were received favorably and action, if required, has been taken to implement those recommendations.

The Council was in agreement with the contents of the management letter of 1995.

*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

September 27, 1996

RECEIVED  
1996 SEP 27 AM 10:00  
AUDITOR

97 FEB 14 AM 9:00

104 WEST SECOND STREET  
DeRIDDER, LOUISIANA 70634

TELEPHONE  
(318) 462-1001  
FAX  
(318) 462-0120

Board of Directors  
Jefferson Davis Council on Aging, Inc.  
602 Scott Street  
Jennings Louisiana 70634

I have completed my audit of the Jefferson Davis Council on Aging, Inc's., financial statements for the year ended June 30, 1996 and have issued my report on September 27, 1996. I was required by auditing standards to plan and conduct my audit in a manner that would enable me to find any illegal acts or questioned costs, should any such conditions exist.

I did not become aware of any such conditions that meet the reporting criteria contained in the current regulations and standards. However, I did learn of conditions and procedures that I found to be questionable and that should be brought to your attention for appropriate action. These conditions and procedures are as follows:

#### **SPECIAL REVENUE FUND**

##### **FAMILY SUPPORT - Project Independence**

Funds under this project are from the U. S. Department of Health and Human Services and passed through the Louisiana Department of Social Services to the Jefferson Davis Office of Family Services to the JDCOA as the contractor who provides the services. The contract must be analyzed in order to determine the maximum amount to be received. Then the amounts received each year must be analyzed in order to determine if there is any possibility that reimbursements exceeded the maximum amount of the contract. This analysis is very difficult because your accounting software program does not permit the COA to input the annual budget at the beginning of the year.

I recommend that, if possible, your program be changed to allow the budget to be recorded. In the absence of this, it is possible that the COA will exceed the contract amount and be forced to repay the excess funds should this occur. While such an excess, if any, would directly impact your financial statements, it cannot be determined at this time if the impact would be material in amount. Therefore, no reportable condition exists at this time.

##### **HEAD START PROGRAM**

At July 1, 1995 the JDCOA accepted sponsorship of the Jeff Davis Head Start Program. The program was previously sponsored by Saint Mary's Parish and AVCAP of Acedia Parish. Saint Mary's Parish sponsored the program for one year only (the interim period between AVCAP and JDCOA) in order to preclude Jeff Davis Parish from losing the program.

Board of Directors  
September 27, 1996  
Page Two

The program got off to a rocky start under the sponsorship and the difficulties thus encountered by the COA was a matter of concern during my audit of the financial statements for 1996. The following is a list of those difficulties:

1. Transfer of the Program;
2. Creation of a new Policy Council;
3. Chain of Command (Organization and Control);
4. Misunderstanding of regulations; and,
5. Administrative problems.

Transfer of Program:

The program was not properly transferred. The COA did not receive the necessary information that would insure continuity of services to the community, provide for uninterrupted progress in the Head Start Program and insure proper compliance with Head Start regulations.

During the month of May 1996 the USDHHS conducted their OSPRI review. It was explained to me that the review was necessary because the program had not been audited within the past three years. I fully agree with the necessity of the review, however, I question the fact that the JDCOA was held responsible for deficiencies noted during this review. If it was appropriate to hold the JDCOA responsible then it should have been appropriate to be concerned about who caused the deficiencies that were noted.

Or stated another way, there was no audit performed during the three year period immediately preceding the assumption of sponsorship by the COA in July 1995; therefore, it is very safe to say that those deficiencies were present when the JDCOA assumed sponsorship. Therefore, the previous sponsor should have been responsible for taking action on the problem areas noted during the OSPRI review and not the COA. If the deficiencies did not exist prior to July 1, 1995, then a proper transfer of policy manuals, records, files, etc., would have been transferred to the JDCOA on July 1, 1995 and there would have been no deficiencies noted during the OSPRI review.

Also, one of the review team members was the Director of the Saint Mary's Parish Head Start Program, the previous sponsor of the Jeff Davis Head Start Program.

A second team member displayed a tendency to be biased in their views. Therefore, I must question that persons objectivity in the performance of the review.

*Gleen O. Everhart*



Creation of a New Policy Council:

Throughout the duration of my field work, I was reminded that no action could be taken if such action was in contravention to Head Start Policy Manual 70.2. However, during the field work I learned that the composition of the Head Start Policy Council was in contravention to 70.2. Quoting from Policy Manual 70.2:

"b. Composition

Chart A describes the composition of each of these groups.

CHART A etc.,

3. Head Start Policy Council  
(Grantee level)

3. At least 50% parents of Head Start children presently enrolled in that grantee's program plus representatives of the community\*\*

**\*\*Representatives of the Community (Grantee Agency level):** A representative of major, etc., The applicant agency determines the composition of the council (within the above guidelines) and the methods to be used in selecting representatives of the community. etc, etc."

I found that the Grantee Agency - the Jeff Davis Council on Aging, Inc., - had not selected their 50% representatives nor were they given an opportunity to determine the composition of the Policy Council.

Because the Board of Directors, Jeff Davis Council on Aging, Inc., - THE GRANTEE AGENCY - was circumvented on this issue, children from families with incomes above the established guidelines were enrolled in the Head Start Program.

The regulations contain a provision for admitting those children, however, they cannot be enrolled as long as there are not enough spaces available to accommodate children from low-income families. There was a waiting list of children from low-income families.

The policy manual was not followed.

Board of Directors  
September 27, 1996  
Page Four

#### Chain of Command (Organization and Control)

This aspect of sound management techniques were violated constantly throughout the year because the Head Start personnel wanted and expected to have complete autonomy in operating the Head Start Program. They cannot have autonomy because the Jeff Davis Council on Aging, Inc., is responsible for the stewardship of all Head Start funds. The JDCOA is operated by a Board of Directors, who have delegated the day-to-day operations to their Executive Director - their Chief Executive Officer - and the Executive Director has delegated the day-to-day operations of the Head Start Program to the Head Start Program Director.

The flow of information is up and down depending on the circumstances at any given time. When this flow is interrupted - by error or intentionally - the Board of Directors are denied the opportunity to discharge their fiduciary duties as required by law.

Failure to follow the chain of command caused me a lot of difficulties during my field work period of the audit, and because of those difficulties I came close to having a scope limitation placed on me. Therefore, I recommend that the COA Board adopt a resolution stating that the chain of command will be followed in the future.

#### Misunderstanding of the Regulations:

There appears to be a lack of understanding of certain regulations among the Head Start Personnel. One that stands out pertains to Part 1305, 45 CFR Chapter XIII, which deals with eligibility, recruitment, selection, enrollment and attendance in Head Start.

Subsection A of Section 1305.2 clearly defines *Children with disabilities*. However, Head Start personnel are convinced that the U.S. DHHS Head Start Program has a separate definition of a disability, which includes *allergies*. Perhaps someone with the authority to do so, should clear this matter up. I can only expect the COA to comply with what is written. Therefore, I recommend that the Board consider getting an interpretation of what is and is not a *disability*. While their getting the interpretation, find out if Chapter XIII is in fact law or is some opinion of a staff member law. It is very difficult to perform an audit under current standards if no one knows which law the grantee is required to follow.

Subsection C and C (6) of Section 1305.3 states "The Head Start grantee must use information from the community needs assessment to:" etc, etc "set criteria that define the types of children and families who will be given priority for recruitment and selection."

Subsection B of Section 1305.4 states that "At least 90% of the children who are enrolled in each Head Start program must be from low-income families. Up to 10% of the children may be from families that exceed the low-income guidelines but who meet criteria the program has established for selecting such children and who would benefit from Head Start Services"

*Gleen O. Everhart*

Board of Directors  
September 27, 1996  
Page Five

Subsection A of Section 1305.6 states that "Each Head Start program must have a formal process for establishing selection criteria and for selecting children and families that considers all eligible applicants for Head Start services. The selection criteria must be based on those contained in paragraphs [b] and [c] of this section."

Subsection C of Section 1305.6 states that "At least 10% of the total number of enrollment opportunities in each grantee and each delegate agency during an enrollment year must be made available to children with disabilities who meet the definition of children with disabilities in 1305.2."

The person who wrote Chapter XIII is the only individual who knows the true meaning of what he/she wrote. Therefore, every one else has their own interpretation. The person who wins is the person with the most convincing interpretation of all. My interpretation of Chapter XII, as it pertains to this audit is:

The person writing Chapter XIII specifically listed the disabilities that were to be considered when selecting children for the Head Start program. That list did not include allergies, therefore, allergies do not qualify a child for priority treatment during the selection process. Maybe preferential treatment, however, not priority treatment. If there is a list of disabilities other than those listed at Subsection A of Section 1305.2 where is it? And why does Head Start require the grantee to follow Chapter XIII, if it is incorrect?

Head Start personnel were unaware of the "community needs assessment", therefore, could not show how they determined recruitment and selection priorities. Because most of the enrollees were returning students at the beginning of the 96-97 school year, I really suspect that the Head Start personnel have not been aware of this assessment for some period of time. I recommend that the Head Start personnel contact the Parish Office of Family Services and get a copy of their needs assessment.

The Head Start program is for low-income families, therefore, the Head Start needs to establish clearly defined guidelines for selecting children from families that exceed the low-income levels. Otherwise, the law could be violated by preferential treatment.

At the beginning of the 95-96 School Year, the Head Start did not have a formal process for establishing selection criteria and for selecting children. This was addressed in the OSPRI review. During the year, Mr West was hired as the Social Coordinator for Head Start, and he has implemented the required selection process. In my opinion, he should be commended for his work and be permitted to help with other required improvements in the selection process.

Subsection C of Section 1305.6 must be clarified. Does it mean **THAT 10% OF THE ENROLLMENT MUST HAVE A DEFINED DISABILITY** or does it mean **THAT 10% OF THE SPACES MUST BE MADE AVAILABLE TO CHILDREN WITH DISABILITIES?**

*Gleen O. Everhart*

Board of Directors  
September 27, 1996  
Page Six

*My concern is: if 10% of the Head Start enrollment must be children with disabilities and only enough children with disabilities are identified to constitute 5% of the total Head Start enrollment, how can the grantee agency be in compliance with Chapter XIII? Does the grantee agency apply for a waiver? Or do they create a disability that is not really a disability and say they have complied with Chapter XIII?*


**Administrative Problems:**

Head Start personnel could not understand why I was even checking Head Start records. In fact they attempted to deny my access to records that I needed. Because the resistance was from within a program, and not the COA as a whole, I did not declare scope a limitation. Had the results been a scope limitation I would have disclaimed an opinion on the Head Start program.

The problem is this: "If the law requires the COA, as the Grantee Agency, to do a certain thing, and that thing is not done you have non-compliance with the law. Therefore, one purpose of the audit is to determine compliance because some regulator is depending on me to do so, and if I am restricted as to what files I can and can not see, I cannot complete the audit. Therefore, the purpose of the audit process under federal guidelines have been defeated.

I do not feel that you have a non-compliance problem because of the material factor. However, it could result in a non-compliance problem if the situation is not corrected. Also, at the end, a legal expert may have to determine compliance or non-compliance as to the contents of Chapter XIII. Therefore, I am using my management letter to convey my concerns to you. Again, I feel that you have complied in all material respects with the pertinent laws and regulations.

I am pleased to say that, with the above exception, I was able to complete my field work this year in the shortest period since I have been your auditor. Your records and controls continue to improve from year to year, therefore, I have no doubt that the problems addressed in this letter will be taken care as soon as possible. In fact some of the problems have already been corrected. However, you must be made aware of the problem.



/md

*Gleen O. Everhart*

RECEIVED  
LEGISLATIVE AUDITOR

96 DEC 24 AM 8:43

OFFICIAL  
FILE COPY

**DO NOT SEND OUT**

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

**JEFF DAVIS COUNCIL ON AGING, INC.**

**FINANCIAL REPORT**

**FOR THE 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 FEB 19 1997

**JEFFERSON DAVIS COUNCIL ON AGING, INC.  
JENNINGS, LOUISIANA  
TABLE OF CONTENTS  
JUNE 30, 1996**

	<u>Page Number</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>INTERNAL CONTROL REPORTS:</b>	
Independent auditor's report on the internal control structure based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	3-4
Independent auditor's report on the internal control structure used in administering federal assistance programs	5-7
<b>COMPLIANCE REPORTS:</b>	
Independent auditor's report of compliance based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> No material instances of noncompliance	8
Independent auditor's report on compliance with specific requirements applicable to major financial assistance program transactions	9
Independent auditor's report on compliance with specific requirements applicable to nonmajor financial assistance program transactions	10
Independent auditor's report on compliance with the general requirements applicable to federal financial assistance programs	11
Independent auditor's report on supplementary schedule of federal financial assistance	12
<b>GENERAL PURPOSE FINANCIAL STATEMENTS</b>	
Combined balance sheet-all fund types and account group(s)	13

*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report**

RECEIVED  
LEGISLATIVE AUDITOR  
104 WEST SECOND STREET  
DERRIDER, LOUISIANA 70634  
96 DEC 24 AM 8:13  
TELEPHONE  
(318) 482-0001  
FAX  
(318) 482-0120

Board of Directors  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana

I have audited the accompanying statement of financial position and the statement of activities of the Jeff Davis Council on Aging, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996. These financial statements are the responsibility of the Council'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 provision 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Jeff Davis Council on Aging, Inc. as of June 30, 1996, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

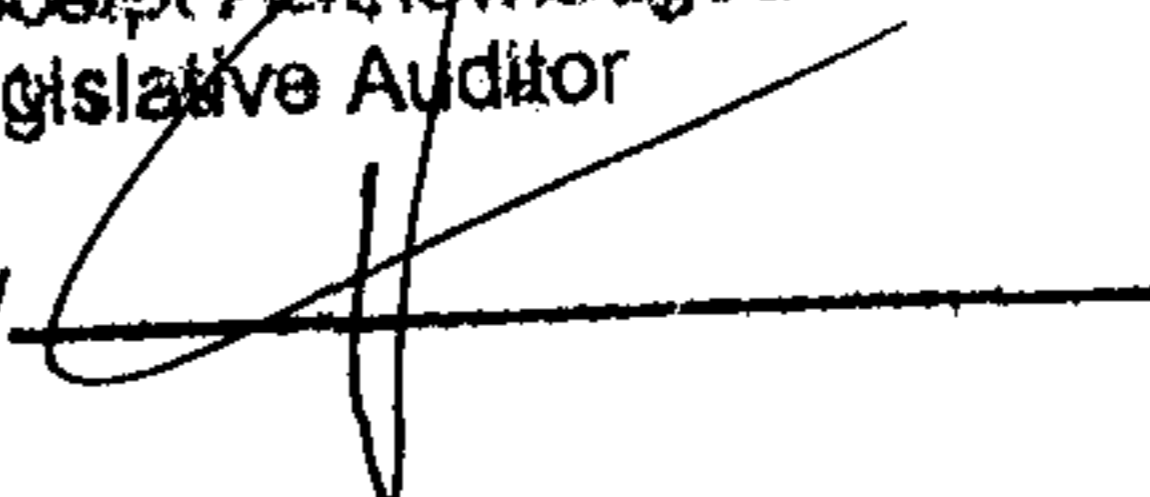
My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Jeff Davis Council on Aging, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued two reports dated September 27, 1996, on my consideration of the Council's internal control structure and four reports dated September 27, 1996, on their compliance with laws and regulations.

I have also previously audited, in accordance with generally accepted auditing standards and *Government Auditing Standards*, the financial statements of the Jeff Davis Council on

Receipt Acknowledged  
Legislative Auditor

By



Aging, Inc., Jennings, Louisiana, for the year ended June 30, 1995, and I expressed an unqualified opinion on those financial statements.

The information contained in the total memorandum-only column of the financial statements for the prior year was derived from the prior year's financial statements that I audited.

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 financial position and results of operation of the Jeff Davis Council on Aging, Inc., Jennings, Louisiana, in conformity with generally accepted accounting principles; however, in my opinion it is fairly stated in all material respects in relation to the financial statements from which it has been derived.

*Gleen O. Everhart*

Sulphur, Louisiana  
September 27, 1996



*Gleen O. Everhart*  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

104 WEST SECOND STREET  
DeRIDDER, LOUISIANA 70634  
TELEPHONE  
(318) 462-1001  
FAX  
(318) 452-0120

**Independent Auditor's Report on the Internal Control Structure  
Based on an Audit of Financial Statements Performed in Accordance With  
Government Auditing Standards**

Board of Directors  
Jeff Davis Council on Aging, Inc.  
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Council on Aging, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued my report thereon dated September 27, 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 provision 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 financial statements are free of material misstatement.

In planning and performing my audit of the general purpose financial statements of the Council, 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.

The management of the Jeff Davis 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 financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may