

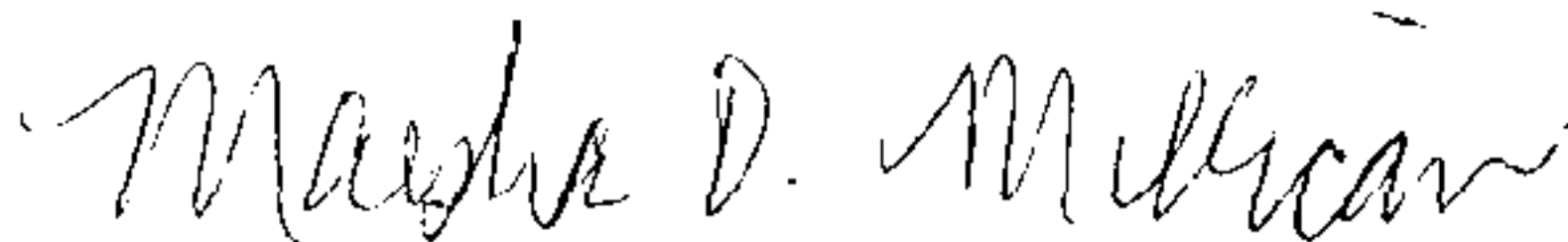
Internal Control Over Compliance

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

I noted a certain matter involving the internal control over compliance and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect Morehouse Council on Aging, Inc.'s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the schedule of findings and questioned costs as item #1.

A material weakness is a condition in which the design or operation of one or more on the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of management the Board of Directors, and applicable federal and state cognizant agencies. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant
December 18, 1997

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Morehouse Council on Aging, Inc.
Bastrop, Louisiana

Compliance

I have audited the compliance of Morehouse Council on Aging, Inc. with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1997. Morehouse Council on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Morehouse Council on Aging, Inc.'s management. My responsibility is to express an opinion on Morehouse Council on Aging, Inc.'s compliance based on my audit.

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

In my opinion, Morehouse Council on Aging, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1997.

MOREHOUSE COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs

June 30, 1997

<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
#1 Criteria: The segregation of duties is inadequate to provide effective internal control.	-0-
Cause: The condition is due to economic and space limitations.	
Recommendation: No action is recommended.	
Management's Response: We concur with the finding.	

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of management the Board of Directors, and applicable federal and state cognizant agencies. However, this report is a matter of public record and its distribution is not limited.

Marsha D. Melican

Certified Public Accountant
December 18, 1997

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT OF COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Morehouse Council on Aging, Inc.
Bastrop, Louisiana

I have audited the financial statements of Morehouse Council on Aging, Inc. as of and for the year ended June 30, 1997, and have issued my report thereon dated December 18, 1997. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Morehouse Council on Aging, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Morehouse Council on Aging, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Morehouse Council on Aging, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item #1.

MOREHOUSE COUNCIL ON AGING, INC.

Notes to the Schedule of Federal Financial Assistance
June 30, 1997

1. General:

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of Morehouse Council on Aging, Inc.

2. Basis of Accounting:

The accompanying Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in Note 1 to the general purpose financial statements.

3. Relationship to General Purpose Financial Statements:

Federal Financial Assistance revenues are reported in the general purpose financial statements as follows:

	<u>Intergovernmental</u>
Governor's Office of Elderly Affairs:	
Federal Financial Assistance	\$ 440,860
State Financial Assistance	<u>262,918</u>
Total	<u>\$ 703,778</u>

MOREHOUSE COUNCIL ON AGING, INC.Schedule of Federal Awards
For the Year Ended June 30, 1997

<u>FEDERAL GRANTOR/ PROGRAM TITLE *</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
<u>Department of Health and Human Services</u>				
Passed through the Louisiana Governor's Office of Elderly Affairs Special programs for the aging:				
Title III, Part C-1 Congregate Meals	93.045	\$ 47,184	\$ 47,184	\$ 47,184
Title III, Part C-2 Home Delivered Meals	93.045	16,832	16,832	16,832
Title III, Part B Area Agency Administrative	93.044	12,796	12,796	12,796
Title III, Part B Supportive Services	93.044	49,532	49,532	49,532
Title IIID, In-Home Services	93.046	1,620	1,620	1,620
Title IIIF, Health Promotion	93.043	2,861	2,861	2,861
Title III, Long-Term Care Ombudsman	93.043	7,296	7,296	7,296
<u>Department of Housing and Urban Development</u>				
Section 8 Housing Voucher*	14.777	273,478	273,478	273,478
<u>Department of Agriculture</u>				
Passed through the Louisiana Governor's Office of Elderly Affairs:				
USDA - cash in lieu of commodities	10.570	35,000	30,261	30,261
Total			\$ 440,860	\$ 440,860

* Denotes major program.

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL FINANCIAL AWARDS

Board of Directors
Morehouse Council on Aging, Inc.
Bastrop, Louisiana

I have audited the general purpose financial statements of Morehouse Council on Aging, Inc., as of and for the year ended June 30, 1997, and have issued my report thereon dated December 18, 1997. These general purpose financial statements are the responsibility of the management of Morehouse Council on Aging, Inc. 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-133, "Audits of States, Local Governments and Non-Profit Organizations." Those standards and OMB Circular A-133 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.

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

Marsha O. Millican

Certified Public Accountant
December 18, 1997

MOREHOUSE COUNCIL ON AGING, INC.

Exit Conference
For the Year Ended June 30, 1997

The exit conference was held December 18, 1997. Those in attendance were Marsha O. Millican, CPA, and Reggie DeFreese, Jr, Executive Director of the Council.

I reported to him the finding listed on page 31. The director received my finding favorably.

MOREHOUSE COUNCIL ON AGING, INC.

Corrective Action Taken on Prior Year Findings
For the Year Ended June 30, 1997

Prior Year Finding: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space economic limitations.

Recommendation: No action was recommended.

MOREHOUSE COUNCIL ON AGING, INC.

Per Diem Paid to Board Members
For the Year Ended June 30, 1997

No per diem in travel expenses were paid to board members for the year ended June 30, 1997.

MOREHOUSE COUNCIL ON AGING, INC.STATEMENT OF GENERAL FIXED ASSETS
AND CHANGES IN GENERAL FIXED ASSETS
For the Year Ended June 30, 1997

	Balance June 30, <u>1996</u>	<u>Additions</u>	Balance June 30, <u>1997</u>
General Fixed Assets, at cost:			
Leasehold improvements	\$ 61,644	\$ -	\$ 61,644
Furniture and equipment	121,766	53,117	174,883
Building	<u>28,403</u>	<u>-</u>	<u>28,403</u>
	<u>\$ 211,813</u>	<u>\$ 53,117</u>	<u>\$ 264,930</u>
Investment in General Fixed Assets:			
Property acquired prior to July 1, 1985	\$ 126,133	\$ -	\$ 126,133
Title III C-1	8,373	-	8,373
Title III C-2	3,281	-	3,281
Senior Center	6,504	-	6,504
Title III B Administrative	379	-	379
Title III B Support Services	5,067	-	5,067
Title III D In Home Services	227	-	227
Title III F Health Promotion	4,533	-	4,533
Ombudsman	230	-	230
Act 735	283	-	283
Title XX	385	-	385
Miscellaneous Grant	3,818	-	3,818
General Fund	<u>52,600</u>	<u>53,117</u>	<u>105,717</u>
	<u>\$ 211,813</u>	<u>\$ 53,117</u>	<u>\$ 264,930</u>

MOREHOUSE COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 1997

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>UTILITY ASSISTANCE</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Other costs	-	-	-
Capital outlay	-	-	-
Utility assistance	<u>3,163</u>	<u>3,668</u>	<u>(505)</u>
Totals	<u>\$ 3,163</u>	<u>\$ 4,695</u>	<u>\$ (34)</u>
 <u>AUDIT</u>			
Salaries	\$ -	\$ -	\$ -
Fringes	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	2,204	2,204	-
Operating supplies	-	-	-
Capital outlay	-	-	-
Totals	<u>\$ 2,204</u>	<u>\$ 2,204</u>	<u>\$ -</u>
 <u>USDA</u>			
Transfer to Title III C-1	\$ 16,848	\$ 15,131	\$ 1,717
Transfers to Title III C-2	<u>15,552</u>	<u>15,130</u>	<u>422</u>
Totals	<u>\$ 32,400</u>	<u>\$ 30,261</u>	<u>\$ 2,139</u>

MOREHOUSE COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>HEALTH PROMOTION</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	190	(190)
Operating supplies	2,861	2,671	190
Other costs	-	-	-
Capital outlay	-	-	-
Totals	<u>\$ 2,861</u>	<u>\$ 2,861</u>	<u>\$ -</u>
<u>SECTION 8</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	273,478	273,478	-
Operating supplies	-	-	-
Other costs	-	-	-
Capital outlay	-	-	-
Totals	<u>\$ 273,478</u>	<u>\$ 273,478</u>	<u>\$ -</u>
<u>MISCELLANEOUS GRANT</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Other costs	-	-	-
Capital outlay	-	-	-
Transfers to other funds:			
Title III C-1	2,250	2,250	-
Title III C-2	2,250	2,250	-
Totals	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ -</u>

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 1997

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>IN-HOME SERVICE</u>			
Salaries	\$ 772	\$ 593	\$ 179
Fringe	101	45	56
Travel	370	99	271
Operating services	56	-	56
Operating supplies	9	-	9
Other costs	598	1,169	(571)
Capital outlay	-	-	-
Totals	\$ 1,906	\$ 1,906	\$ -
<u>OMBUDSMAN</u>			
Salaries	\$ 8,962	\$ 8,865	\$ 97
Fringe	1,180	1,587	(407)
Travel	1,000	703	297
Operating services	1,884	1,420	464
Operating supplies	186	178	8
Other costs	452	197	255
Capital outlay	-	-	-
Totals	\$ 13,664	\$ 12,950	\$ 714
<u>TITLE III-B ADMINISTRATION</u>			
Salaries	\$ 9,520	\$ 10,751	\$(1,231)
Fringe	1,273	1,087	186
Travel	527	593	(66)
Operating service	3,902	2,292	1,610
Operating supplies	610	637	(27)
Other costs	1,229	1,701	(472)
Capital outlay	-	-	-
Totals	\$ 17,061	\$ 17,061	\$ -
<u>TITLE III-B SUPPORTIVE SERVICE</u>			
Salaries	\$ 85,838	\$ 80,185	\$ 5,653
Fringe	11,302	9,141	2,161
Travel	3,946	2,664	1,282
Operating services	37,962	26,594	11,368
Operating supplies	8,765	7,379	1,386
Other costs	8,435	873	7,562
Capital outlay	-	-	-
Totals	\$ 156,248	\$ 126,836	\$ 29,412

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>TITLE III C-1</u>			
Salaries	\$ 60,354	\$ 63,211	\$ (2,857)
Fringe	7,955	6,179	1,776
Meals:			
Raw food	35,360	37,115	(1,755)
Non-edibles	6,656	6,213	443
Travel	1,302	1,027	275
Operating services	23,726	19,478	4,248
Operating supplies	1,654	1,414	240
Other costs	6,560	2,429	4,131
Capital outlay	-	-	-
Totals	<u>\$ 143,567</u>	<u>\$ 137,066</u>	<u>\$ 6,501</u>
<u>SENIOR CENTER</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	6,800	6,800	-
Operating supplies	-	-	-
Other costs	-	-	-
Capital outlay	-	-	-
Transfers to other funds:			
Title III B Supportive Services	24,165	24,165	-
Totals	<u>\$ 30,965</u>	<u>\$ 30,965</u>	<u>\$ -</u>
<u>C-2</u>			
Salaries	\$ 62,364	\$ 63,189	\$ (825)
Fringe	8,220	6,452	1,768
Meals:			
Raw food	32,640	34,186	(1,546)
Non-edibles	6,144	5,736	408
Travel	6,820	4,843	1,977
Operating service	22,452	17,770	4,682
Operating supplies	1,676	1,413	263
Other costs	6,606	1,650	4,956
Capital outlay	-	-	-
Totals	<u>\$ 146,922</u>	<u>\$ 135,239</u>	<u>\$ 11,683</u>

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
 General and Special Revenue Funds
For the Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>LOCAL</u>			
Salaries	\$ -	\$ 1,163	\$(1,163)
Fringe	-	89	(89)
Meals	-	-	-
Travel	-	1,682	(1,682)
Operating services	2,603	13,320	(10,717)
Operating supplies	931	1,820	(889)
Other costs	4,769	4,540	229
Capital outlay	2,200	53,117	(50,917)
Transfers to other funds:			
Title III C-1	14,452	9,141	5,311
Title III C-2	42,195	30,244	11,951
Title III B Supportive Services	49,554	39,559	9,995
Utility Assistance	-	577	(577)
Totals	<u>\$ 116,704</u>	<u>\$ 155,252</u>	<u>\$(38,548)</u>
<u>PCOA (ACT 735)</u>			
Salaries	-	-	-
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Capital outlay	-	-	-
Transfers to other funds:			
Title III C-1 Ombudsman	5,858	7,410	(1,552)
	<u>5,921</u>	<u>4,369</u>	<u>1,552</u>
Totals	<u>\$ 11,779</u>	<u>\$ 11,779</u>	<u>\$ -</u>

Schedule 2

Title III-F Health Promotion	USDA	Title III-D In Home Services	Section 8	Misc Grant	Ombudsman	Utility Assistance Fund	Total
\$ 2,861	\$ 30,261	\$ 1,906	\$ -	\$ 4,500	\$ 8,581	\$ -	\$ 335,952
-	-	-	273,478	-	-	-	273,478
-	-	-	-	-	-	3,091	3,091
-	-	-	-	-	-	-	34,321
<u>2,861</u>	<u>30,261</u>	<u>1,906</u>	<u>273,478</u>	<u>4,500</u>	<u>8,581</u>	<u>3,091</u>	<u>646,842</u>
-	-	593	-	-	8,865	-	235,161
-	-	45	-	-	1,587	-	25,920
-	-	-	-	-	-	-	83,250
-	-	99	-	-	703	-	9,981
-	-	-	273,478	-	1,420	-	356,118
190	-	-	-	-	178	-	13,596
2,671	-	1,169	-	-	197	-	10,448
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,668	3,668
<u>2,861</u>	<u>-</u>	<u>1,906</u>	<u>273,478</u>	<u>-</u>	<u>12,950</u>	<u>3,668</u>	<u>738,142</u>
-	30,261	-	-	4,500	(4,369)	(577)	(91,300)
-	-	-	-	-	4,369	577	150,226
-	(30,261)	-	-	(4,500)	-	-	(58,926)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	14,372	(14,828)
-	-	-	-	-	-	-	29,200
-	-	-	-	-	-	14,372	14,372
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,372</u>	<u>\$ 14,372</u>

MOREHOUSE COUNCIL ON AGING, INC.

Statement of Program Revenues, Expenditures and Changes in Fund
Balance
General Fund
For the Year Ended June 30, 1997

	<u>Local</u>	<u>PCOA (ACT 735)</u>	<u>Totals</u>
<u>REVENUES</u>			
Intergovernmental:			
Office of Elderly Affairs State of Louisiana	\$ -	\$ 11,779	\$ 11,779
Department of:			
Social Services	42,086	-	42,086
Health and Hospitals	7,844	-	7,844
Morehouse Parish Police Jury	32,639	-	32,639
Interest income	3,414	-	3,414
Public support - donations	16,436	-	16,436
Miscellaneous	18,875	-	18,875
Total Revenues	<u>121,294</u>	<u>11,779</u>	<u>133,073</u>
<u>EXPENDITURES</u>			
Salaries	1,163	-	1,163
Fringe	89	-	89
Travel	1,682	-	1,682
Operating services	13,320	-	13,320
Operating supplies	1,820	-	1,820
Other costs	4,540	-	4,540
Capital outlay	53,117	-	53,117
Total expenditures	<u>75,731</u>	<u>-</u>	<u>75,731</u>
Excess of revenues over expenditures	45,563	11,779	57,342
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	-	-	-
Operating transfers out	<u>(79,521)</u>	<u>(11,779)</u>	<u>(91,300)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(33,958)	-	(33,958)
<u>FUND BALANCE:</u>			
Fund balance, as previously reported	4,499	-	4,499
Prior period adjustment	<u>22,107</u>	-	<u>22,107</u>
Beginning of year restated	<u>26,606</u>	<u>-</u>	<u>26,606</u>
End of year (deficit)	<u><u>\$ (7,352)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,352)</u></u>

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

(Continued)

14. NOTES PAYABLE

Notes payable at June 30, 1997 consisted of the following:

Hibernia National Bank - note dated
April 23, 1997, due in monthly
installments of \$926, matures
April 23, 2002, interest at 8%,
collateralized by two Dodge vans \$ 44,246

The annual requirements to amortize notes payable as of June
30, 1997, including interest payments of \$ 9,472 are as follows:
1998- \$11,113, 1999- \$11,113, 2000- \$11,113, 2001- \$11,113,
2002- \$9,292.

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

(Continued)

12. ECONOMIC DEPENDENCY

The Council received the majority of its revenue from funds provided through grants administered by the Louisiana Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or the state level, the amount of the funds the Council received 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.

13. INTERFUND TRANSFERS

Operating transfers in and out are listed by fund for the year ended June 30, 1997:

	Operating Transfers <u>In</u>	Operating Transfers <u>Out</u>
General Fund	\$ -	\$ 91,300
Special Revenue Funds:		
Title III C-1	33,932	-
Senior Center	-	24,165
Title III C-2	47,624	-
Title III B Supportive Services	63,724	-
Ombudsman	4,369	-
Utility Assistance	577	-
USDA	-	30,261
Miscellaneous Grant	-	4,500
Total - Special Revenue Funds	<u>150,226</u>	<u>58,926</u>
Total - All Funds	<u>\$ 150,226</u>	<u>\$ 150,226</u>

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

(Continued)

8. DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 1997, the carrying amount of the Council's deposits (checking and certificates) was \$93,420 and the bank's balance was \$124,257. The difference is due to outstanding checks at June 30, 1997. Of the bank's balance, all funds on deposit were insured by federal depository insurance. There were no repurchase agreements or reverse repurchase agreements at June 30, 1997.

9. INCOME TAX STATUS

Morehouse Council on Aging, Inc. is an organization exempt from tax under Internal Revenue Code Section 501(c)(3). Accordingly, the financial statements contain no provision for income taxes.

10. DEFICIT FUND BALANCES

As of June 30, 1997, the general fund has a deficit balance of \$ 7,352. This Council expects to eliminate this deficit over a period of time through general fund revenues.

11. PRIOR PERIOD ADJUSTMENTS

The following adjustments have been made to beginning fund balance in the general fund to correct errors from prior periods considered to be material:

Adjustment of liability to Bastrop Boys Club, Inc., to actual amount due	\$ 51,307
Adjustments to Special Revenue Fund balances for prior year transfers not recorded:	
Title III C-2	(17,705)
Title III B Supportive Services	<u>(11,495)</u>
Net prior period adjustment	<u>\$ 22,107)</u>

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

(Continued)

6. CHANGES IN FIXED ASSETS

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

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 1997</u>
Buildings	\$ 28,403	\$ -	\$ -	\$ 28,403
Leasehold improvements	61,644	-	-	61,644
Furniture and equipment	<u>121,766</u>	<u>53,117</u>	<u>-</u>	<u>174,883</u>
Total	<u>\$ 211,813</u>	<u>\$ 53,117</u>	<u>\$ -</u>	<u>\$ 264,930</u>

7. INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of amounts due from and due to other funds:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 73,321	\$ 96,349
Title III C-1 Fund	5,560	-
Title III C-2 Fund	11,408	17,714
Title III-B Administrative Fund	506	-
Title III-B Support Fund	16,809	-
USDA Commodity Fund	-	8,118
Helping Hands Fund	14,370	-
In-Home Service Fund	2	-
Ombudsman	<u>205</u>	<u>-</u>
	<u>\$ 122,181</u>	<u>\$ 122,181</u>

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

(Continued)

2. FUNDING POLICIES AND SOURCES OF FUNDS

The Council receives its monies through various methods of funding. U.S.D.A. cash in-lieu of commodities funds are provided through the Louisiana Governor's Office of Elderly Affairs to help offset raw food costs in Title III C-1 and C-2 programs. This program is funded under the units of services provided method. The Senior Center program and State Allocation (PCOA) funds are received as a monthly allocation of the total budget (grant) in advance of the actual expenditure. The Title III-B, C-1, C-2, and D and Elder Abuse programs are funded based on actual operating costs incurred. The Council encourages and receives contributions from clients to help offset the costs of the Title III-B, C-1, and C-2 programs. Utility assistance funds are also provided by the Louisiana Association of Councils on Aging to the Council under the Helping Hands and Energy Programs. The Council received funds from the Louisiana Department of Agriculture and Forestry to distribute food to the economically disadvantaged in Morehouse Parish.

3. BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

4. IN-KIND CONTRIBUTIONS

The Council received various in-kind contributions during the year. In-kind contributions consisted primarily of the time donated by volunteer workers at senior centers and meal sites. Although these contributions have not been reported as revenues, the offsetting expenses have not been incurred thereby producing no effect on the financial statements.

5. GRANTS RECEIVABLE

Grants receivable at June 30, 1997, are as follows:

USDA	\$	8,118
Project Independence		15,214
Medicaid Services		3,108
United Way		2,500
Miscellaneous		<u>990</u>
Total	\$	<u>29,930</u>

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets:

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost.

I. Cash and Cash Equivalents:

The Council's policy is to include short-term interest bearing deposits with cash in the financial statements.

J. 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.

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting:

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

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

E. Transfers:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various due from and due to accounts.

F. Budget Policy:

Budgets for the various programs are prepared by the Council's Executive Director and approved by grantor of the funds for each respective program. The budgets are prepared on a basis consistent with generally accepted accounting principles.

Actual amounts are compared to budgeted amounts periodically during the 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 grantor agency for funds received from that agency.

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

G. Compensated Absences:

No liability is recorded for nonvesting accumulating rights to receive vacation or sick pay benefits.

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Presentation:

The accompanying financial statements conform to generally accepted accounting principles as applicable to governmental units.

B. Organization:

The local councils on aging were created under Act No. 456 of 1964 for the welfare of the aging people in their respective parishes.

C. Fund Accounting:

The accounts of the Council are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various funds presented in the financial statements in this report are as follows:

Governmental Fund Types

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

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

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.

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual - Special Revenue Funds
 For the Year Ended June 30, 1997

	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>
<u>REVENUES:</u>			
Intergovernmental	\$(4,464)	\$ 613,894	\$ 609,430
Public support	1,412	36,000	37,412
Total revenues	<u>(3,052)</u>	<u>649,894</u>	<u>646,842</u>
<u>EXPENDITURES:</u>			
Salaries	(7,351)	227,810	235,161
Fringe	4,110	30,030	25,920
Meals	(2,450)	80,800	83,250
Travel	3,984	13,965	9,981
Operating service	9,546	365,664	356,118
Operating supplies	(696)	12,900	13,596
Other costs	23,094	33,542	10,448
Capital outlay	-	-	-
Utility assistance	(505)	3,163	3,668
Total expenditures	<u>(29,732)</u>	<u>767,874</u>	<u>738,142</u>
Excess (deficiency) of revenues over expenditures	26,680	(117,980)	(91,300)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	(28,819)	179,045	150,226
Operating transfers out	<u>2,139</u>	<u>(61,065)</u>	<u>(58,926)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-
<u>FUND BALANCE (DEFICIT):</u>			
Beginning of year, as previously reported	-	(14,828)	(14,828)
Prior Period Adjustment	<u>-</u>	<u>29,200</u>	<u>29,200</u>
Beginning of year, restated	<u>-</u>	<u>14,372</u>	<u>14,372</u>
End of year	<u>\$(-)</u>	<u>\$ 14,372</u>	<u>\$ 14,372</u>

The accompanying notes are an integral part of this statement.

MOREHOUSE COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 1997

	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>
<u>REVENUES:</u>			
Intergovernmental	\$ 2,588	\$ 91,760	\$ 94,348
Public support	7,936	8,500	16,436
Interest	3,414	-	3,414
Miscellaneous	2,431	16,444	18,875
	<u>16,369</u>	<u>116,704</u>	<u>133,073</u>
<u>EXPENDITURES:</u>			
Salaries	(1,163)	-	1,163
Fringe	(89)	-	89
Travel	(1,682)	-	1,682
Operating services	(10,717)	2,603	13,320
Operating supplies	(889)	931	1,820
Other costs	229	4,769	4,540
Capital Outlay	(50,917)	2,200	53,117
	<u>(65,228)</u>	<u>10,503</u>	<u>75,731</u>
Excess of revenues over expenditures	(48,859)	106,201	57,342
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	-	-	-
Operating transfers out	14,901	(106,201)	(91,300)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(33,958)	-	(33,958)
<u>FUND BALANCE (DEFICIT):</u>			
Beginning of year, as previously reported	-	4,499	4,499
Prior period adjustment	-	22,107	22,107
Beginning of year, restated	-	26,606	26,606
End of year (deficit)	<u>\$(33,958)</u>	<u>\$ 26,606</u>	<u>\$(7,352)</u>

The accompanying notes are an integral part of this statement.

MOREHOUSE COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
All Governmental Fund Types
For the Year Ended June 30, 1997

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
REVENUES:			
Intergovernmental	\$ 94,348	\$ 609,430	\$ 703,778
Public support	16,436	37,412	53,848
Miscellaneous	18,875	-	18,875
Interest	3,414	-	3,414
Total revenues	<u>133,073</u>	<u>646,842</u>	<u>779,915</u>
EXPENDITURES:			
Salaries	1,163	235,161	236,324
Fringe	89	25,920	26,009
Meals	-	83,250	83,250
Travel	1,682	9,981	11,663
Operating services	13,320	356,118	369,438
Operating supplies	1,820	13,596	15,416
Other costs	4,540	10,448	14,988
Capital outlay	53,117	-	53,117
Utility Assistance	-	3,668	3,668
Total expenditures	<u>75,731</u>	<u>738,142</u>	<u>813,873</u>
Excess (deficiency) of revenues over expenditures	57,342	(91,300)	(33,958)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	150,226	150,226
Operating transfers out	<u>(91,300)</u>	<u>(58,926)</u>	<u>(150,226)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(33,958)	-	(33,958)
FUND BALANCE (DEFICIT):			
Beginning of year, as previously reported	4,499	(14,828)	(10,329)
Prior period adjustment	<u>22,107</u>	<u>29,200</u>	<u>51,307</u>
Beginning of year, restated	<u>26,606</u>	<u>14,372</u>	<u>(19,944)</u>
End of year (deficit)	<u>\$ (7,352)</u>	<u>\$ 14,372</u>	<u>\$ 7,020</u>

The accompanying notes are an integral part of this statement.

MOREHOUSE COUNCIL ON AGING, INC.

Combined Balance Sheet - All Fund Types and Account Group
June 30, 1997

	<u>Governmental</u> <u>Fund Types</u>		<u>Account Group</u>	<u>Totals</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>General</u> <u>Fixed Assets</u>	<u>(Memorandum</u> <u>Only)</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 93,420	\$ -	\$ -	\$ 93,420
Contracts receivable	21,812	8,118	-	29,930
Due from other funds	73,321	48,860	-	122,181
Meter deposits	170	-	-	170
General fixed assets	-	-	264,930	264,930
 Total assets	 <u>\$188,723</u>	 <u>\$ 56,978</u>	 <u>\$ 264,930</u>	 <u>\$ 510,631</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 55,480	\$ 16,774	\$ -	\$ 72,254
Notes payable	44,246	-	-	44,246
Due to other funds	<u>96,349</u>	<u>25,832</u>	<u>-</u>	<u>122,181</u>
 Total liabilities	 <u>196,075</u>	 <u>42,606</u>	 <u>-</u>	 <u>238,681</u>
 <u>FUND EQUITY:</u>				
Investments in general fixed assets	-	-	264,930	264,930
<u>Fund Balances:</u>				
Reserved for Utility Assistance	-	14,372	-	14,372
Unreserved - undesignated (deficit)	<u>(7,352)</u>	<u>-</u>	<u>-</u>	<u>(7,352)</u>
 Total fund equity	 <u>(7,352)</u>	 <u>14,372</u>	 <u>264,930</u>	 <u>271,950</u>
 Total liabilities and fund equity	 <u>\$188,723</u>	 <u>\$ 56,978</u>	 <u>\$ 264,930</u>	 <u>\$ 510,631</u>

The accompanying notes are an integral part of this statement.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The statements and schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Morehouse Council on Aging, Inc. 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

Marsha D. Milligan

Certified Public Accountant
December 18, 1997

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Morehouse Council on Aging, Inc.
Bastrop, Louisiana

I have audited the accompanying general purpose financial statements of Morehouse Council on Aging, Inc., as of and for the year ended June 30, 1997. These general purpose financial statements are the responsibility of Morehouse Council on Aging, Inc., 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, and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and A-133 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 general purpose 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 Morehouse Council on Aging, Inc. as of June 30, 1997, 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 dated December 18, 1997 on my consideration of Morehouse Council on Aging, Inc.'s internal control structure and a report dated December 18, 1997 on its compliance with laws and regulations.

MOREHOUSE COUNCIL ON AGING, INC.

Table of Contents
June 30, 1997

	<u>EXHIBIT/ SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL AWARDS		26
SCHEDULE OF FEDERAL AWARDS	SCHEDULE 8	27
NOTES TO THE SCHEDULE OF FEDERAL AWARDS		28
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>		29-30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		31
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133		32-33

1115

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MOREHOUSE COUNCIL ON AGING, INC.

BASTROP, LOUISIANA

FINANCIAL STATEMENTS

June 30, 1997

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 MAR 04 1998

13