

OFFICIAL
FILE COPY

DO NOT SEND OUT

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

MOREHOUSE COUNCIL ON AGING, INC.

BASTROP, LOUISIANA

RECEIVED FUNDITOR
LEGISLATIVE
96 DEC 23 AM 9:21

FINANCIAL STATEMENTS

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 26 1997

MOREHOUSE COUNCIL ON AGING, INC.

Table of Contents
June 30, 1996

	<u>EXHIBIT/ SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT		1-2
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP	EXHIBIT A	3
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES	EXHIBIT B	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND	EXHIBIT C	5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - SPECIAL REVENUE FUNDS	EXHIBIT D	6
NOTES TO FINANCIAL STATEMENTS		7-13
SUPPLEMENTARY INFORMATION:		
STATEMENT OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND	SCHEDULE 1	14
COMBINING STATEMENT OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS	SCHEDULE 2	15
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS	SCHEDULE 3	16-20
STATEMENT OF GENERAL FIXED ASSETS AND CHANGES IN GENERAL FIXED ASSETS	SCHEDULE 4	21
PER DIEM PAID TO BOARD MEMBERS	SCHEDULE 5	22
QUESTIONED COSTS	SCHEDULE 6	23
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS	SCHEDULE 7	24
EXIT CONFERENCE	SCHEDULE 8	25
INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE		26
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE (Continued)	SCHEDULE 9	27

MOREHOUSE COUNCIL ON AGING, INC.

Table of Contents
June 30, 1996

	<u>EXHIBIT/ SCHEDULE</u>	<u>PAGE</u>
NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE		28
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS MADE IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>		29-30
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>		31
INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS		32-34
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS TRANSACTIONS		35-36
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS		37

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, 1996. 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards 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, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated November 21, 1996 on my consideration of Morehouse Council on Aging, Inc.'s internal control structure and a report dated November 21, 1996 on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the general purpose financial statements 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 the the general purpose financial statements taken as a whole.

Margie D. Miller

Certified Public Accountant
November 21, 1996

MOREHOUSE COUNCIL ON AGING, INC.

Combined Balance Sheet - All Fund Types and Account Group
June 30, 1996

	<u>Governmental</u> <u>Fund Types</u>		<u>Account Group</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>General</u> <u>Fixed Assets</u>	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 86,975	\$ -	\$ -	\$ 86,975
Contracts receivable	14,391	7,330	-	21,721
Due from other funds	12,504	23,417	-	35,921
Meter deposits	170	-	-	170
General fixed assets	-	-	211,813	211,813
	<u>-\$</u>	<u>-\$</u>	<u>211,813</u>	<u>211,813</u>
Total assets	<u>\$114,040</u>	<u>\$ 30,747</u>	<u>\$ 211,813</u>	<u>\$ 356,600</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 58,234	\$ 9,654	\$ -	\$ 67,888
Due to other funds	-	35,921	-	35,921
Due to other organizations	51,307	-	-	51,307
	<u>109,541</u>	<u>45,575</u>	<u>-</u>	<u>155,116</u>
Total liabilities	<u>109,541</u>	<u>45,575</u>	<u>-</u>	<u>155,116</u>
<u>FUND EQUITY:</u>				
Investments in general fixed assets	-	-	211,813	211,813
<u>Fund Balances:</u>				
Reserved for Utility Assistance	-	12,319	-	12,319
Unreserved - undesignated (deficit)	4,499	(27,147)	-	(22,648)
	<u>4,499</u>	<u>(14,828)</u>	<u>211,813</u>	<u>201,484</u>
Total fund equity	<u>4,499</u>	<u>(14,828)</u>	<u>211,813</u>	<u>201,484</u>
Total liabilities and fund equity	<u>\$114,040</u>	<u>\$ 30,747</u>	<u>\$ 211,813</u>	<u>\$ 356,600</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, 1996

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<u>REVENUES:</u>			
Intergovernmental	\$ 83,367	\$ 517,789	\$ 601,156
Public support	9,677	39,481	49,158
Miscellaneous	16,641	-	16,641
Interest	1,472	-	1,472
	<u>111,157</u>	<u>557,270</u>	<u>668,427</u>
<u>EXPENDITURES:</u>			
Salaries	-	235,712	235,712
Fringe	-	24,188	24,188
Meals	-	77,466	77,466
Travel	-	10,350	10,350
Operating services	19,251	264,668	283,919
Operating supplies	935	10,404	11,339
Other costs	-	5,982	5,982
Capital outlay	3,686	1,475	5,161
Utility Assistance	-	4,695	4,695
	<u>23,872</u>	<u>634,940</u>	<u>658,812</u>
Excess (deficiency) of revenues over expenditures	87,285	(77,670)	9,615
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	-	133,662	133,662
Operating transfers out	(76,992)	(56,670)	(133,662)
Excess (deficiency) of revenues and other sources over expenditures and other uses	10,293	(678)	9,615
<u>FUND BALANCE (DEFICIT):</u>			
Beginning of year (deficit)	(5,794)	(14,150)	(19,944)
End of year (deficit)	<u>\$ 4,499</u>	<u>\$ (14,828)</u>	<u>\$ (10,329)</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, 1996

	Variance Favorable (Unfavorable)	Budget	Actual
<u>REVENUES:</u>			
Intergovernmental	\$ (8,725)	\$ 92,092	\$ 83,367
Public support	(914)	10,591	9,677
Interest	351	1,121	1,472
Miscellaneous	(2,028)	18,669	16,641
Total revenues	(11,316)	122,473	111,157
<u>EXPENDITURES:</u>			
Salaries	-	-	-
Fringe	-	-	-
Travel	-	-	-
Operating services	(3,567)	15,684	19,251
Operating supplies	(935)	-	935
Capital Outlay	110	3,796	3,686
Total expenditures	(4,392)	19,480	23,872
Excess of revenues over expenditures	(15,708)	102,993	87,285
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	-	-	-
Operating transfers out	26,001	(102,993)	(76,992)
Excess (deficiency) of revenues and other sources over expenditures and other uses	10,293	-	10,293
<u>FUND BALANCE (DEFICIT):</u>			
Beginning of year (deficit)	-	(5,794)	(5,794)
End of year (deficit)	\$ 10,293	\$ (5,794)	\$ 4,499

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 - Special Revenue Funds
For the Year Ended June 30, 1996

	Variance Favorable (Unfavorable)	Budget	Actual
<u>REVENUES:</u>			
Intergovernmental	\$ (7,336)	\$ 525,125	\$ 517,789
Public support	1,320	38,161	39,481
Total revenues	(6,016)	563,286	557,270
<u>EXPENDITURES:</u>			
Salaries	3,584	239,296	235,712
Fringe	(82)	24,106	24,188
Meals	3,666	81,132	77,466
Travel	3,616	13,966	10,350
Operating service	443	265,111	264,668
Operating supplies	765	11,169	10,404
Other costs	20,266	26,248	5,982
Capital outlay	(1,475)	-	1,475
Utility assistance	(34)	4,661	4,695
Total expenditures	30,749	665,689	634,940
Excess (deficiency) of revenues over expenditures	24,733	(102,403)	(77,670)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	(32,692)	166,354	133,662
Operating transfers out	7,281	(63,951)	(56,670)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(678)	-	(678)
<u>FUND BALANCE (DEFICIT):</u>			
Beginning of year (deficit)	-	(14,150)	(14,150)
End of year (deficit)	<u>\$ (678)</u>	<u>\$ (14,828)</u>	<u>\$ (14,828)</u>

The accompanying notes are an integral part of this statement.

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1996

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.

Notes to Financial Statements
June 30, 1996

(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, 1996

(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, 1996

(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, 1996, are as follows:

USDA	\$	7,330
Project Independence		3,802
Medicaid Services		8,339
United Way		<u>2,250</u>
Total	\$	<u>21,721</u>

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1996

(Continued)

6. CHANGES IN FIXED ASSETS

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

	<u>Balance July 1, 1995</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 1996</u>
Buildings	\$ 28,403	\$ -	\$ -	\$ 28,403
Leasehold improvements	61,644	-	-	61,644
Furniture and equipment	<u>116,605</u>	<u>5,161</u>	<u>-</u>	<u>121,766</u>
Total	<u>\$ 206,652</u>	<u>\$ 5,161</u>	<u>\$ -</u>	<u>\$ 211,813</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	\$ 12,504	\$ -
Title III C-1 Fund	4,098	-
Title III C-2 Fund	3,845	-
Senior Center Fund	-	28,590
Title III-B Administrative Fund	205	-
Title III-B Support Fund	757	-
USDA Commodity Fund	-	7,331
Helping Hands Fund	14,370	-
In-Home Service Fund	4	-
Ombudsman	<u>138</u>	<u>-</u>
	<u>\$ 35,921</u>	<u>\$ 35,921</u>

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1996

(Continued)

8. DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 1996, the carrying amount of the Council's deposits (checking and certificates) was \$86,752 and the bank's balance was \$98,566. 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, 1996.

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, 1996, the following individual fund balances are in deficit positions:

Senior Center Fund	\$ 17,705
Title III-B Support Fund	<u>11,495</u>
	<u>\$ 29,200</u>

The carryover of client contributions and program income in Senior Center and Title III B funds will eliminate the deficit over a period of years.

12. DUE TO OTHER ORGANIZATIONS

Due to other organizations represents amounts owed to Bastrop Boys Club, Inc. that was originally recorded as a part of Morehouse Council on Aging, Inc. This organization is a separate entity, and when certain conditions are met, the Council intends to remit these funds to Bastrop Boys Club, Inc. over a period of time using General Fund revenues.

(Continued)

MOREHOUSE COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1996

(Continued)

13. 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.

14. INTERFUND TRANSFERS

Operating transfers in and out are listed by fund for the year ended June 30, 1996:

	Operating Transfers <u>In</u>	Operating Transfers <u>Out</u>
General Fund	\$ -	\$ 76,992
Special Revenue Funds:		
Title III C-1	36,195	-
Senior Center	4,500	24,165
Title III C-2	44,020	-
Title III B Administrative	659	-
Title III B Supportive Services	42,839	-
Title D In-Home Services	27	-
Title III F Health Promotion	116	-
Ombudsman	5,306	-
USDA	-	28,005
Miscellaneous Grant	-	4,500
Total - Special Revenue Funds	<u>133,662</u>	<u>56,670</u>
Total - All Funds	<u>\$ 133,662</u>	<u>\$ 133,662</u>

MOREHOUSE COUNCIL ON AGING, INC.

Statement of Program Revenues, Expenditures and Changes in Fund
Balance
General Fund
For the Year Ended June 30, 1996

	<u>Local</u>	<u>PCOA (ACT 735)</u>	<u>Totals</u>
<u>REVENUES</u>			
Intergovernmental:			
Office of Elderly Affairs	\$ -	\$ 11,779	\$ 11,779
State of Louisiana			
Department of:			
Social Services	36,278	-	36,278
Health and Hospitals	18,973	-	18,973
Agriculture and Forestry	1,943	-	1,943
Morehouse Parish Police Jury	14,394	-	14,394
Interest income	1,472	-	1,472
Public support - donations	9,677	-	9,677
Miscellaneous	<u>16,641</u>	<u>-</u>	<u>16,641</u>
 Total Revenues	 <u>99,378</u>	 <u>11,779</u>	 <u>111,157</u>
<u>EXPENDITURES</u>			
Salaries	-	-	-
Fringe	-	-	-
Travel	-	-	-
Operating services	19,251	-	19,151
Operating supplies	935	-	935
Capital outlay	<u>3,686</u>	<u>-</u>	<u>3,686</u>
 Total expenditures	 <u>23,872</u>	 <u>-</u>	 <u>23,872</u>
 Excess of revenues over expenditures	 75,506	 11,779	 87,285
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	-	-	-
Operating transfers out	<u>(65,213)</u>	<u>(11,779)</u>	<u>(76,992)</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 10,293	 -	 10,293
 Beginning of year (deficit)	 <u>(5,794)</u>	 <u>-</u>	 <u>(5,794)</u>
 End of year (deficit)	 <u>\$ 4,499</u>	 <u>\$ -</u>	 <u>\$ 4,499</u>

MOREHOUSE COUNCIL ON AGING, INC.

Combining Statement of Program Revenues, Expenditures
and Changes in Fund Balances -
Special Revenue Funds
For the Year Ended June 30, 1996

	<u>Audit</u>	<u>Title III C-1</u>	<u>Senior Center</u>	<u>Title III C-2</u>	<u>Title III-B Admin.</u>	<u>Title III-B Supportive Services</u>
<u>REVENUES</u>						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 2,204	\$ 86,692	\$ 30,965	\$ 74,290	\$ 18,272	\$ 79,288
Department of Housing & Urban Development	-	-	-	-	-	-
Public Support:						
Louisiana Council on Aging	-	-	-	-	-	-
Client Contributions	-	16,787	-	13,968	-	4,709
Total revenues	<u>2,204</u>	<u>103,479</u>	<u>30,965</u>	<u>88,258</u>	<u>18,272</u>	<u>83,997</u>
<u>EXPENDITURES</u>						
Salaries	-	69,045	-	63,849	11,480	80,185
Fringe	-	6,420	-	6,282	1,165	9,141
Meals	-	40,279	-	37,187	-	-
Travel	-	1,501	-	4,131	1,083	2,664
Operating services	2,204	20,103	11,300	18,927	3,870	26,594
Operating supplies	-	1,133	-	1,143	605	7,379
Other costs	-	1,193	-	759	728	873
Capital outlay	-	-	-	-	-	-
Utility assistance	-	-	-	-	-	-
Total expenditures	<u>2,204</u>	<u>139,674</u>	<u>11,300</u>	<u>132,278</u>	<u>18,931</u>	<u>126,836</u>
Excess (deficiency) of revenues over expenditures	-	(36,195)	19,665	(44,020)	(659)	(42,839)
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating transfers in	-	36,195	4,500	44,020	659	42,839
Operating transfers out	-	-	(24,165)	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-
<u>FUND BALANCES (DEFICIT)</u>						
Beginning of year (deficit)	-	-	-	(17,705)	-	(11,495)
End of year (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,705)</u>	<u>\$ -</u>	<u>\$ (11,495)</u>

Schedule 2

Title III-F Health Promotion	USDA	Title III-D In Home Services	Section 8	Misc Grant	Ombudsman	Utility Assistance Fund	Total
\$ 3,694	\$ 28,005	\$ 1,536	\$ -	\$ 4,500	\$ 8,721	\$ -	\$ 338,167
-	-	-	179,622	-	-	-	179,622
-	-	-	-	-	-	4,017	4,017
-	-	-	-	-	-	-	35,464
<u>3,694</u>	<u>28,005</u>	<u>1,536</u>	<u>179,622</u>	<u>4,500</u>	<u>8,721</u>	<u>4,017</u>	<u>557,270</u>
-	-	877	-	-	10,276	-	235,712
-	-	70	-	-	1,110	-	24,188
-	-	-	-	-	-	-	77,466
-	-	168	-	-	803	-	10,350
-	-	448	179,622	-	1,600	-	264,668
-	-	-	-	-	144	-	10,404
2,335	-	-	-	-	94	-	5,982
1,475	-	-	-	-	-	-	1,475
-	-	-	-	-	-	4,695	4,695
<u>3,810</u>	<u>-</u>	<u>1,563</u>	<u>179,622</u>	<u>-</u>	<u>14,027</u>	<u>4,695</u>	<u>634,940</u>
(116)	28,005	(27)	-	4,500	(5,306)	(678)	(77,670)
116	-	27	-	-	5,306	-	133,662
<u>-</u>	<u>(28,005)</u>	<u>-</u>	<u>-</u>	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>(56,670)</u>
-	-	-	-	-	-	(678)	(678)
-	-	-	-	-	-	15,050	(14,150)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,372</u>	<u>\$ (14,828)</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, 1996

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>LOCAL</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	15,684	19,251	(3,567)
Operating supplies	-	935	(935)
Other costs	-	-	-
Capital outlay	3,796	3,686	110
Transfers to other funds:			
Title III B Admin.	-	659	(659)
Title III C-2	32,522	24,105	8,417
Title III B Supportive Services	33,469	18,674	14,795
Title III C-1	22,817	21,632	1,185
Title III F	1,800	116	1,684
Title III D	<u>16</u>	<u>27</u>	<u>(11)</u>
Totals	<u>\$ 110,104</u>	<u>\$ 89,085</u>	<u>\$ 21,019</u>
<u>PCOA (ACT 735)</u>			
Salaries	-	-	-
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Capital outlay	-	-	-
Transfers to other funds:			
Title III C-2	6,442	6,473	(31)
Ombudsman	<u>5,337</u>	<u>5,306</u>	<u>31</u>
Totals	<u>\$ 12,369</u>	<u>\$ 11,779</u>	<u>\$ -</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, 1996

	Budget	Actual	Variance - Favorable (Unfavorable)
<u>TITLE III C-1</u>			
Salaries	\$ 70,329	\$ 69,045	\$ 1,284
Fringe	7,087	6,420	667
Meals:			
Raw food	35,694	33,473	2,221
Non-edibles	6,627	6,806	(179)
Travel	1,460	1,501	(41)
Operating services	22,078	20,103	1,975
Operating supplies	976	1,133	(157)
Other costs	1,607	1,193	414
Capital outlay	-	-	-
Totals	\$ 145,858	\$ 139,674	\$ 6,184
 <u>SENIOR CENTER</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	11,300	11,300	-
Operating supplies	-	-	-
Other costs	-	-	-
Capital outlay	-	-	-
Transfers to other funds:			
Title III B Supportive Services	24,165	24,165	-
Totals	\$ 35,465	\$ 35,465	\$ -
 <u>C-2</u>			
Salaries	\$ 66,372	\$ 63,849	\$ 2,523
Fringe	6,689	6,282	407
Meals:			
Raw food	32,694	30,885	1,809
Non-edibles	6,117	6,302	(185)
Travel	6,940	4,131	2,809
Operating service	20,552	18,927	1,625
Operating supplies	1,238	1,143	95
Other costs	1,589	759	830
Capital outlay	-	-	-
Totals	\$ 142,191	\$ 132,278	\$ 9,913

(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, 1996

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>IN-HOME SERVICE</u>			
Salaries	\$ 1,010	\$ 877	\$ 133
Fringe	101	70	31
Travel	371	168	203
Operating services	55	448	(393)
Operating supplies	8	-	8
Other costs	7	-	7
Capital outlay	-	-	-
Totals	<u>\$ 1,552</u>	<u>\$ 1,563</u>	<u>\$ (11)</u>
<u>OMBUDSMAN</u>			
Salaries	\$ 9,943	\$ 10,276	\$ (333)
Fringe	1,003	1,110	(107)
Travel	1,114	803	311
Operating services	1,681	1,600	81
Operating supplies	143	144	(1)
Other costs	174	94	80
Capital outlay	-	-	-
Totals	<u>\$ 14,058</u>	<u>\$ 14,027</u>	<u>\$ 31</u>
<u>TITLE III-B ADMINISTRATION</u>			
Salaries	\$ 10,579	\$ 11,480	\$ (901)
Fringe	1,054	1,165	(111)
Travel	716	1,083	(367)
Operating service	4,658	3,870	788
Operating supplies	643	605	38
Other costs	622	728	(106)
Capital outlay	-	-	-
Totals	<u>\$ 18,272</u>	<u>\$ 18,931</u>	<u>\$ (659)</u>
<u>TITLE III-B SUPPORTIVE SERVICE</u>			
Salaries	\$ 81,063	\$ 80,185	\$ 878
Fringe	8,172	9,141	(969)
Travel	3,365	2,664	701
Operating services	34,261	26,594	7,667
Operating supplies	8,161	7,379	782
Other costs	5,400	873	4,527
Capital outlay	-	-	-
Totals	<u>\$ 140,422</u>	<u>\$ 126,836</u>	<u>\$ 13,586</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, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>HEALTH PROMOTION</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	2,335	(2,335)
Operating supplies	-	-	-
Other costs	5,549	-	5,449
Capital outlay	-	1,475	(1,475)
Totals	<u>\$ 5,549</u>	<u>\$ 3,810</u>	<u>\$ 1,739</u>
<u>SECTION 8</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	179,622	179,622	-
Operating supplies	-	-	-
Other costs	-	-	-
Capital outlay	-	-	-
Totals	<u>\$ 179,622</u>	<u>\$ 179,622</u>	<u>\$ -</u>
<u>MISCELLANEOUS GRANT</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Other costs	-	-	-
Capital outlay	-	-	-
Transfers to other funds:			
Senior Center	4,500	4,500	-
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, 1996

	<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	4,661	4,695	(34)
Totals	\$ 4,661	\$ 4,695	\$(34)
 <u>AUDIT</u>			
Salaries	\$ -	\$ -	\$ -
Fringes	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	2,204	2,204	-
Operating supplies	-	-	-
Capital outlay	-	-	-
Totals	\$ 2,204	\$ 2,204	\$ -
 <u>USDA</u>			
Transfer to Title III C-1	\$ 18,349	\$ 14,563	\$ 3,786
Transfers to Title III C-2	16,937	13,442	3,495
Totals	\$ 35,286	\$ 28,005	\$ 7,281

MOREHOUSE COUNCIL ON AGING, INC.STATEMENT OF GENERAL FIXED ASSETS
AND CHANGES IN GENERAL FIXED ASSETS
For the Year Ended June 30, 1996

	Balance June 30, <u>1995</u>	<u>Additions</u>	Balance June 30, <u>1996</u>
General Fixed Assets, at cost:			
Leasehold improvements	\$ 61,644	\$ -	\$ 61,644
Furniture and equipment	116,605	5,161	121,766
Building	<u>28,403</u>	<u>-</u>	<u>28,403</u>
	<u>\$ 206,652</u>	<u>\$ 5,161</u>	<u>\$ 211,813</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 Ombudsman	3,058	1,475	4,533
Act 735	230	-	230
Title XX	283	-	283
Miscellaneous Grant	385	-	385
General Fund	<u>3,818</u>	<u>-</u>	<u>3,818</u>
	<u>48,914</u>	<u>3,686</u>	<u>52,600</u>
	<u>\$ 206,652</u>	<u>\$ 5,161</u>	<u>\$ 211,813</u>

MOREHOUSE COUNCIL ON AGING, INC.

Per Diem Paid to Board Members
For the Year Ended June 30, 1996

No per diem in travel expenses were paid to board members for the year ended June 30, 1996.

MOREHOUSE COUNCIL ON AGING, INC.

Questioned Costs
For the Year Ended June 30, 1996

<u>Program</u>	<u>Findings/Non-compliance</u>	<u>Questioned Costs</u>
Section 8 Housing Voucher	Morehouse Council on Aging, Inc. administers the Section 8 Housing Voucher program through a contract with the Morehouse Parish Police Jury. During the year ended June 30, 1996, a payment of under this program of \$260 was made to a police juror. This payment resulted in non-compliance with the conflict of interest laws and regulations.	\$260

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS

MOREHOUSE COUNCIL ON AGING, INC.
Bastrop, Louisiana

June 30, 1996

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

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

Recommendation: No action was recommended.

EXIT CONFERENCE

MOREHOUSE COUNCIL ON AGING, INC.
Bastrop, Louisiana

June 30, 1996

The exit conference was held November 21, 1996. Those in attendance were Marsha O. Millican, CPA, and Reggie DeFreese, Jr, Executive Director of the Council.

I reported to him that I did discover a material weaknesses in internal control and an instance of non-compliance with laws and regulations. Such findings have been reported on pages 30, 34, and 35.

No management letter was issued in conjunction with this engagement.

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

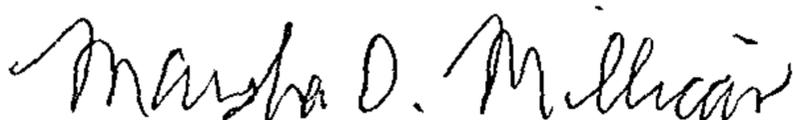
INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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, 1996, and have issued my report thereon dated November 21, 1996. 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-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was made 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.



Certified Public Accountant
November 21, 1996

MOREHOUSE COUNCIL ON AGING, INC.Schedule of Federal Financial Assistance
For the Year Ended June 30, 1996

<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	\$ 49,141	\$ 49,141	\$ 49,141
Title III, Part C-2 Home Delivered Meals	93.045	17,142	17,142	17,142
Title III, Part B Area Agency Administrative	93.044	13,704	13,704	13,704
Title III, Part B Supportive Services	93.044	51,027	51,027	51,027
Title IIID, In-Home Services	93.046	1,306	1,306	1,306
Title IIIF, Health Promotion	93.043	2,862	2,862	2,862
Title III, Long-Term Care Ombudsman	93.044	7,415	7,415	7,415
<u>Department of Housing and Urban Development</u>				
Section 8 Housing Voucher	14.777	179,622	179,622	179,622
<u>Department of Agriculture</u>				
Passed through the Louisiana Governor's Office of Elderly Affairs:				
USDA - cash in lieu of commodities	10.550	40,935	<u>28,005</u>	<u>28,005</u>
Total			<u>\$ 350,224</u>	<u>\$ 350,224</u>

* The Council administered no major programs for the year ended June 30, 1996.

MOREHOUSE COUNCIL ON AGING, INC.

Notes to the Schedule of Federal Financial Assistance
June 30, 1996

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>
Special Revenue Funds:	
Governors Office of Elderly Affairs:	
Federal Financial Assistance	\$ 350,224
State Financial Assistance	<u>250,932</u>
Total	<u>\$ 601,156</u>

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

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, 1996, and have issued my report thereon dated November 21, 1996.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

In planning and performing my audit of the general purpose financial statements of Morehouse Council on Aging, Inc., for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted 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. A reportable condition involves matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Council's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

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

Cause: The condition is due to economic and space limitations. This finding was included in the prior year audit report.

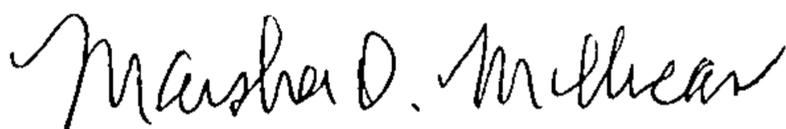
Recommendation: No action is recommended.

Management's Response: We concur with the finding.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the 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 reportable conditions 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 is a material weakness as described above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of Morehouse Council on Aging, Inc.

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
November 21, 1996

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

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

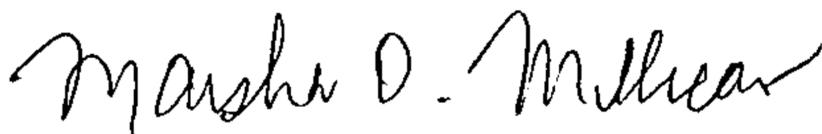
I have audited the general purpose financial statements of Morehouse Council on Aging, Inc., as of and for the year ended June 30, 1996, and have issued my report thereon dated November 21, 1996.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Morehouse Council on Aging, Inc. is the responsibility of the management of Morehouse Council on Aging, Inc. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the Council's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose 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 disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management, the Board of Directors and the applicable federal and state cognizant agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountant
November 21, 1996

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

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

I have audited the general purpose financial statements of Morehouse Council on Aging, Inc., for the year ended June 30, 1996, and have issued my report thereon dated November 21, 1996.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Morehouse 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 permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

Accounting Controls:

- Cash receipts
- Cash disbursements
- Payroll

Administrative Controls:

General requirements:

- Political activity
- Civil rights
- Cash management
- Allowable costs
- Drug free workplace
- Administrative requirements

Specific requirements:

- Types of services
- Eligibility

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

During the year ended June 30, 1996, Morehouse Council on Aging, Inc., had no major federal financial assistance programs and expended 56% of its total federal financial assistance under the following nonmajor federal financial assistance program: Section 8 Housing Voucher.

I performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed for use for matching that are applicable to the aforementioned nonmajor programs. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted 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 Morehouse Council on Aging, Inc.'s ability to administer federal assistance programs in accordance with applicable laws and regulations.

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

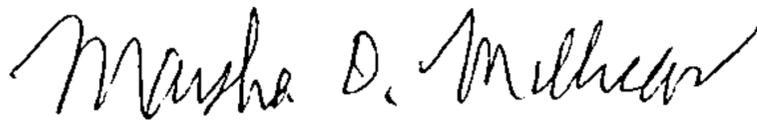
Cause: The condition is due to economic and space limitations. This finding was included in the prior year audit report.

Recommendation: No action is recommended.

Managements's Response We concur with the finding.

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

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



Certified Public Accountant
November 21, 1996

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

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

I have audited the general purpose financial statements of Morehouse Council on Aging, Inc. for the year ended June 30, 1996, and have issued my report thereon dated November 21, 1996.

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

As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Morehouse Council on Aging, Inc., compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed the following instance of noncompliance:

Finding:	Morehouse Council on Aging, Inc. administers the Section 8 Housing Voucher program through a contract with the Morehouse Parish Police Jury. During the year ended June 30, 1996, a payment of \$260 under this program was made to a police juror. This payment resulted in non-compliance with the conflict of interest rules and regulations.
Cause:	Lack of knowledge by management regarding the conflict of interest rules and regulations.
Effect:	Possible disallowance of \$260 under the program.

Recommendation:

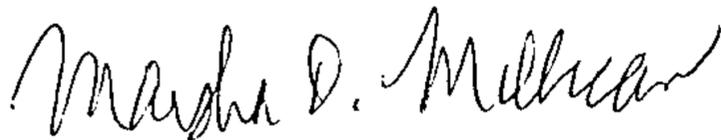
The Council should comply with the rules and regulations regarding conflicts of interest.

Management's
Response

We concur with the finding. We will comply with the rules and regulations regarding conflicts of interest in the future.

With respect to items not tested, nothing came to my attention that caused me to believe that Morehouse Council on Aging, Inc., had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Board of Directors and the applicable federal and state cognizant agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountant
November 21, 1996

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

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

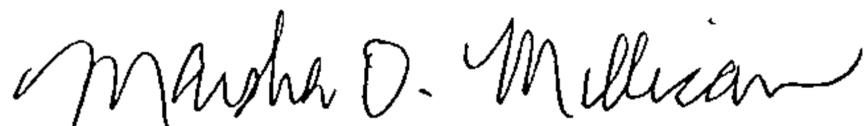
I have audited the general purpose financial statements of Morehouse Council on Aging, Inc., as of and for the year ended June 30, 1996, and have issued my report thereon dated November 21, 1996.

I have applied procedures to test Morehouse Council on Aging, Inc., compliance with the following requirements 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, allowable costs/cost principles, drug-free workplace act, administrative requirements.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Morehouse Council on Aging, Inc., compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

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

This report is intended for the information of management, the Board of Directors and the applicable federal and state cognizant agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountant
November 21, 1996