

VERMILION COUNCIL ON AGING, INC.
Abbeville, Louisiana

Financial Report

Year Ended June 30, 2002

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E. Larry Sikes, CPA, CVA, CFP
Danny P. Frederick, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Paula D. Bihm, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA

Jennifer S. Ziegler, CPA
Chris A. Miller, CPA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA

Kathleen T. Darnall, CPA
Erich G. Loewer, Jr. CPA
Erich G. Loewer, III, MTX, CPA
Donna E. Latiolais, CPA
Tamera T. Landry, CPA
Carla R. Fontenot, CPA
Raegan D. Stelly, CPA
Julie T. Templett, CPA
Barbara A. Clark, CPA
Monica F. Laverne, CPA
Lauren F. Verrett, CPA
Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA

Other Locations:

1231 E. Laurel Avenue
Eunice, LA 70535
337.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
985.384.6264

404 Pere Megret
Abbeville, LA 70510
337.893.5470



(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Vermilion Council on Aging, Inc.
Abbeville, Louisiana

We have audited the accompanying general purpose financial statements of the Vermilion Council on Aging, Inc., as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vermilion Council on Aging, Inc. as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 29, 2002 on our consideration of the Vermilion Council on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Vermilion Council on Aging, Inc. taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Vermilion 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 our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

August 29, 2002

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

VERMILION COUNCIL ON AGING, INC.

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2002

| | Governmental Fund Types | | Account Groups | | Total (Memorandum Only) |
|--|----------------------------|--------------------|----------------------------|------------------------------|-------------------------------|
| | General | Special Revenue | General Fixed Assets | General Long-term Debt | |
| ASSETS | | | | | |
| Cash | \$ 18,240 | \$ 452 | \$ - | \$ - | \$ 18,692 |
| Investments | 43,262 | - | - | - | 43,262 |
| Due from other funds | - | 34,782 | - | - | 34,782 |
| Fixed assets | - | - | 288,321 | - | 288,321 |
| Accounts receivable | 47,358 | - | - | - | 47,358 |
| Prepaid expenditures | 9,865 | - | - | - | 9,865 |
| Amount to be provided for retirement of general long-term debt | - | - | - | 4,485 | 4,485 |
| Total assets | \$ 118,725 | \$ 35,234 | \$ 288,321 | \$ 4,485 | \$ 446,765 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 23,991 | - | - | - | 23,991 |
| Due to other funds | 34,782 | - | - | - | 34,782 |
| Accrued payroll and related benefits payable | 661 | - | - | - | 661 |
| Long-term debt - Accumulated unpaid vacation | - | - | - | 4,485 | 4,485 |
| Total liabilities | 59,434 | - | - | 4,485 | 63,919 |
| Fund Equity: | | | | | |
| Investment in fixed assets | - | - | 288,321 | - | 288,321 |
| Fund balances - | | | | | |
| Unreserved, undesignated | 34,921 | 27,089 | - | - | 62,010 |
| Reserved for future expenditures | 24,370 | 8,145 | - | - | 32,515 |
| Total fund balances | 59,291 | 35,234 | - | - | 94,525 |
| Total fund equity | 59,291 | 35,234 | 288,321 | - | 382,846 |
| Total liabilities and fund equity | \$ 118,725 | \$ 35,234 | \$ 288,321 | \$ 4,485 | \$ 446,765 |

The accompanying notes are an integral part of this statement.

VERMILION COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Governmental Fund Types
Year Ended June 30, 2002

| | <u>General</u> | <u>Special Revenue</u> | <u>Total (Memorandum Only)</u> |
|--|------------------|----------------------------|--|
| Revenues: | | | |
| Intergovernmental | \$ 99,483 | \$ 393,259 | \$ 492,742 |
| Program | - | 80,435 | 80,435 |
| Local and miscellaneous | <u>60,285</u> | <u>55,859</u> | <u>116,144</u> |
| Total revenues | <u>159,768</u> | <u>529,553</u> | <u>689,321</u> |
| Expenditures: | | | |
| Current - | | | |
| Salaries | 75,452 | 341,541 | 416,993 |
| Fringe | 12,852 | 59,458 | 72,310 |
| Travel | 5,574 | 35,258 | 40,832 |
| Operating services | 5,716 | 103,333 | 109,049 |
| Operating supplies | 848 | 54,971 | 55,819 |
| Other costs | <u>7,605</u> | <u>3,835</u> | <u>11,440</u> |
| Total expenditures | <u>108,047</u> | <u>598,396</u> | <u>706,443</u> |
| Excess (deficiency) of revenues over expenditures | <u>51,721</u> | <u>(68,843)</u> | <u>(17,122)</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | 4,062 | 178,344 | 182,406 |
| Operating transfers out | <u>(73,595)</u> | <u>(108,811)</u> | <u>(182,406)</u> |
| Total other financing sources (uses) | <u>(69,533)</u> | <u>69,533</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (17,812) | 690 | (17,122) |
| Fund balances, beginning of year | <u>77,103</u> | <u>34,544</u> | <u>111,647</u> |
| Fund balances, end of year | <u>\$ 59,291</u> | <u>\$ 35,234</u> | <u>\$ 94,525</u> |

The accompanying notes are an integral part of this statement.

VERMILION COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - Budgeted Special Revenue Funds
Year Ended June 30, 2002

| | <u>Budget</u> | <u>Actual</u> | Variance - Favorable (Unfavorable) |
|--|------------------|------------------|--|
| Revenues: | | | |
| Intergovernmental | \$ 242,048 | \$ 238,640 | \$ (3,408) |
| Program | 78,713 | 77,799 | (914) |
| Total revenues | <u>320,761</u> | <u>316,439</u> | <u>(4,322)</u> |
| Expenditures: | | | |
| Current- | | | |
| Salaries | 273,223 | 264,714 | 8,509 |
| Fringe | 49,182 | 46,185 | 2,997 |
| Travel | 34,144 | 33,340 | 804 |
| Operating services | 67,151 | 65,140 | 2,011 |
| Operating supplies | 34,504 | 34,372 | 132 |
| Other costs | 2,885 | 2,774 | 111 |
| Total expenditures | <u>461,089</u> | <u>446,525</u> | <u>14,564</u> |
| Deficiency of revenues over expenditures | <u>(140,328)</u> | <u>(130,086)</u> | <u>10,242</u> |
| Other financing sources (uses): | | | |
| Operating transfer in | 170,989 | 178,344 | 7,355 |
| Operating transfer out | <u>(30,661)</u> | <u>(48,258)</u> | <u>(17,597)</u> |
| Total other financing sources (uses) | <u>140,328</u> | <u>130,086</u> | <u>(10,242)</u> |
| Excess of revenues and other sources over expenditures and other uses | - | - | - |
| Fund balances, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of this statement.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Act 456 of 1964, authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. Charters are issued by the Louisiana Secretary of State upon approval by the Governor's Office of Elderly Affairs. Each Council is a non-profit, quasi-public corporation which must comply with policies and regulations established by the Governor's Office of Elderly Affairs, the state agency which provides the Council with most of its revenue. The Council also receives revenues from other federal, state and local government agencies, which may impose certain requirements.

The primary function of the Council on Aging is to improve the quality of life for the parish's elderly, and to provide services to the elderly as well as coordinate and monitor the services of other local agencies serving the aging people of the parish. Some of the services provided by the Council include congregate and home delivered meals, nutritional education, information and referral services, legal assistance, homemaker services, discount services, material aid, outreach operating senior centers, and transportation. A Board of Directors, consisting of 15 voluntary members who serve three-year terms, governs the Council.

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

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

Presentation of Statements

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

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

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

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

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

Governmental Fund Types

Governmental funds are used to account for all or most of the Council's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of fixed assets, and the servicing of general long-term debt.

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

General Fund

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

The following funds comprise the Council's General Fund:

Local

Revenues, such as, (1) donations from the general public, (2) income from various fundraisers, and (3) interest income earned on idle funds which have been invested have been recorded in the "local" program of the General Fund. Expenses incurred which are not chargeable to specific programs are recorded as "local" programs expenditures. Also, expenses incurred to produce related program service fees and fundraising income are charged as "local" program expenditures. "Local" funds are also used as transfers to special revenue funds to supplement those programs. In addition, fixed asset additions are generally paid with "local" funds.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

General Fund (continued)

PCOA (Act 735)

PCOA (Act 735) funds are appropriated for the Governor's Office of Elderly Affairs by the Louisiana Legislature for remittance to the Council On Aging. The Council may use the "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years old.

Medicaid

This is a program where the Council completes enrollment applications for people wanting to apply for Medicaid services. The Council is paid by the Department of Health and Hospitals (DHH) \$14 per application it completes. Any funds remaining after applying direct costs to operate this program are available for discretionary use by management.

The Council also acts as a coordinator of services for people who are homebound and in need of services similar to those provided in a nursing home. Rather than have the person sent to a nursing home, the Council coordinates necessary services and is paid a fee by Medicaid for performing the personal care attendant function.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of special revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes.

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

Title III-B Supportive Services Fund

Title III-B funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs which "passes through" the funds to the Council. This program is used to account for funds which are to provide a variety of social services; such as, information and assistance, access services, in-home services, community services, legal assistance, and outreach for people age 60 and older.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFIANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

Special Revenue Funds (continued)

Title III C-1 Congregate Meals Fund

Title III C-1 funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This fund is used to account for funds which are used to provide nutritional, congregate meals to the elderly in strategically located centers. During the fiscal year July 1, 2000 to June 30, 2002, the Council served about 19,110 congregate meals.

Title III C-2 Home Delivered Meals Fund

Title III C-2 funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This fund is used to account for funds which are used to provide nutritional, home delivered meals to homebound older persons. During the fiscal year July 1, 2000 to June 30, 2002, the Council served about 77,590 home delivered meals.

Title III-D Fund

The Title III-D Fund is used to account for funds used for disease prevention and health promotion activities including (1) equipment and materials (scales to weigh people, educational materials, and exercise equipment), (2) home injury control, (3) medication management, (4) mental health, and (5) nutrition (assessment/screening, counseling, and education). The law directs the state agency administering this program to "give priority to areas of the state which are medically underserved and in which there are a large number of older individuals who have the greatest economic and social need." Title III-D funds are provided by the U.S. Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

Special Revenue Funds (continued)

Title III-E Fund

Title III-E funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes-through" the funds to the Council. The fund is used to account for funds used to provide services, such as: (1) information to caregivers about available services, (2) assistance to caregivers in gaining access to the services, (3) individual counseling, (4) organizational support groups, (5) caregiver training to caregivers in making decisions and solving problems relating to their caregiving roles, (6) respite care to enable caregivers to be temporarily relieved from their caregiving responsibilities, and (7) supplemental services, on a limited basis, to complement the care provided by caregivers.

Senior Center Fund

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

Section 5311 Fund

Section 5311 funds for local transportation are funds provided by the United States Department of Transportation through the Louisiana Department of Transportation and Development, which in turn passes these funds to the Council via the Vermilion Parish Police Jury. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within the parish.

Supplemental Senior Center

This fund is used to account for funds provided by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. The funds are used to supplement the other programs operated by the Council.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

Special Revenue Funds (continued)

Title III B-Ombudsman Fund

The Ombudsman Fund is used to account for funds used to provide people age 60 and older residing in long-term care facilities a representative to ensure that such residents' rights are upheld, to resolve complaints by residents with the management of the long-term care facility, and to promote quality care at the facility. Ombudsman funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

FEMA Fund

The FEMA Fund is used to account for the administration of a Disaster Assistance Program which purpose is to supplement food and shelter assistance to individuals who might currently be receiving assistance, as well as to assist those who are not receiving any. Funds are provided by the Federal Emergency Management Agency through the United Way of Acadiana, which in turn "passes through" the funds to the Council.

Share the Light Fund

The Share the Light Fund is used to account for the administration of programs that are sponsored by the City of Abbeville. The City collects contributions from service customers and remits the funds to the Council so that it can provide assistance to the elderly for the payment of their utility bills.

Project Care

The Project Care Fund is used to account for the administration of programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the Cajun Area Agency on Aging, Inc., which in turn remits funds relating to Vermilion Parish to the Council so that it can provide assistance to the elderly for the payment of their utility bills.

United Way Fund

This fund reports assistance received from the community's regular United Appeals activity. The funds are received upon application to the United Way Agency and are subject to monitoring by that Agency.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

Special Revenue Funds (continued)

Project Independence

The Project Independence Fund is used to account for revenue received from the Department of Social Services to provide transportation to the underprivileged individuals of the parish.

Account Groups

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

General Fixed Assets

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

General Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group.

Basis of Accounting

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

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues available if they are collected within 60 days after year-end. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on long-term debt which are recorded when due.

Transfers and Interfund Loans

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

Budget Policy

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

The Governor's Office of Elderly Affairs "GOEA" notifies the Council each year as to the funding levels for each program's grant award.

The Council may also obtain grants from agencies other than GOEA and the Council considers the potential revenues to be earned under those grants.

Projections are made of revenues from other sources based on past trends and data available to form expectations of future revenues.

The Executive Director prepares a proposed budget based on the expected funding levels and then submits the budget to the Board of Directors for approval.

The Board of Directors reviews and adopts the budget before May 31 of the current year for the next year.

The adopted budget is forwarded to the Cajun Area Agency on Aging, Inc. for final approval.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policy (continued)

All budgetary appropriations lapse at the end of each fiscal year (June 30). Occasionally, the Council will receive a special project grant which may operate on a period different from the Council's normal fiscal year, and therefore, have a specified date where the budgetary appropriations will lapse.

The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.

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

Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

The Council may transfer funds between line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As a part of this grant award, GOEA requires the Council to amend its budget in cases where actual costs for a particular cost category exceeded the budgeted amount by more than ten percent. Otherwise, the excess costs could be labeled as unauthorized expenditures.

The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund and Special Revenue Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

Total Columns on 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 accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Fixed Assets

Assets which cost at least \$1,000 and which have an estimated useful life of greater than one year is capitalized as fixed assets. All fixed assets are stated at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. No depreciation has been provided on general fixed assets.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Council's policy allows full time employees over five years to carry forward 135 hours of annual leave beyond the fiscal year end, and 90 hours for full time employees less than five years. Full-time employees over five years earn 1½ days of sick leave per month and 1 day of sick leave per month for full time employees less than five years. From the end of the probationary period to the fifth anniversary of employment, no more than twelve (12) days of annual leave shall be paid by the Council. After the fifth anniversary of employment, no more than eighteen (18) days shall be paid by the Council. The liability for accumulated annual leave has been recorded in the General Long-Term Debt account group.

Related Party Transactions

There were no related party transactions noted during the fiscal year.

Restricted Assets

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

Reservation and Designations of Fund Balances

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

Designated allocations of fund balances result when the Council's management intends to expend certain resources in a designated manner.

Prepaid Expenditures

The Council has elected not to expense amounts paid for future services until those services are consumed to comply with the cost reimbursement terms of its grant agreements. The fund balances in the governmental fund types have been reserved for any prepaid expenditures recorded in these funds to reflect the amount of fund balance not currently available for expenditure.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2 REVENUE RECOGNITION - INTERGOVERNMENTAL, PROGRAM SERVICE FEES, PUBLIC SUPPORT, AND MISCELLANEOUS REVENUES

Intergovernmental

Intergovernmental revenues are recorded in governmental funds as revenues in the accounting period when they become susceptible to accrual, that is, measurable and available (modified accrual basis).

Intergovernmental grants do not allow the Council to recognize revenue under the grant award until actual costs are incurred or units of service are provided.

Program Service Fees

Program service fees are recognized when the Council provides the service that entitles the Council to charge the recipient for the services received. The Council encourages and receives contributions from clients to help offset the costs of the Title III-B, C-1, and C-2 programs.

Public Support and Miscellaneous Revenues

Utility assistance funds are provided from public donations via utility company programs. In addition, various fund-raisers are held during the year to obtain funds to offset costs of general operations and senior activities. The timing and amounts of the receipts of public support and miscellaneous revenues are difficult to predict; therefore, they are not susceptible to accrual and are recorded as revenue in the period received.

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

The Council maintains a consolidated bank account to deposit the money it collects and to pay its bills. The consolidated bank account is available for use by all funds. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash balances to cover any negative cash balances in other funds at year-end. At June 30, 2002, the balance of the Council's consolidated bank account was \$18,256.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

Under state law, the Council may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Council may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana. At June 30, 2002, the Council has cash (book balances) totaling \$18,692.

Deposit balances (bank balances) at June 30, 2002, totaled \$38,438 and are fully secured by federal depository insurance. GASB Statement 3 categorizes the credit risk of these deposits as Category 1 because they are fully insured.

NOTE 4 INVESTMENTS

State statutes authorize the Council to invest temporarily idle monies in the following:

1. United States Treasury Bonds,
2. United States Treasury Notes,
3. United States Treasury Bills,
4. Obligations of U. S. Government Agencies, including such instruments as Federal Home Loan Bank bonds, Government National Mortgage Association bonds, or a variety of "Federal Farm Credit" bonds,
5. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana,
6. Fully collateralized repurchase agreements,
7. Fully collateralized interest-bearing checking accounts, and
8. Mutual or Trust Fund institutions which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States Government or its agencies.

The Council's primary purpose for investing is to earn interest income on money that has been determined to be in excess of immediate cash needs.

At June 30, 2002, the Council had the following investments:

| <u>Type of Investment</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Maturity</u> |
|---------------------------|------------------|----------------------|-----------------|
| Iberia Bank: | | | |
| Certificate of deposit | \$ 10,000 | 1.54% | 7/17/2002 |
| Gulf Coast Bank: | | | |
| Certificate of deposit | 25,230 | 3.70% | 9/2/2002 |
| Bank of Abbeville: | | | |
| Certificate of deposit | <u>8,032</u> | 2.00% | 2/8/2003 |
| Total investments | <u>\$ 43,262</u> | | |

All of the above deposits were covered by federal depository insurance (Category 1).

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 4 INVESTMENTS (CONTINUED)

The above investments have been recorded at cost, which approximates market value. The market value of the above accounts do not fluctuate. Management intends to hold all investments until their maturity, thus, no entry has been made on the books to reflect any increases or decreases in market value at year end.

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2002 consisted of the following:

| | |
|----------------------|------------------|
| Medicaid Waiver | \$ 17,720 |
| Section 5311 | 17,701 |
| Title III-E | 5,675 |
| Project Independence | 1,365 |
| Title III-D | 943 |
| Other receivables | <u>3,954</u> |
| | <u>\$ 47,358</u> |

NOTE 6 CHANGES IN GENERAL FIXED ASSETS

| | Balance July 1, 2001 | Additions | Deletions | Balance June 30, 2002 |
|--------------------------------|-------------------------|-------------|-------------|--------------------------|
| General fixed assets, at cost: | | | | |
| Furniture and fixtures | \$ 40,136 | \$ - | \$ - | \$ 40,136 |
| Vehicles | 236,821 | - | - | 236,821 |
| Leasehold improvements | <u>11,364</u> | - | - | <u>11,364</u> |
| Total general fixed assets | <u>\$ 288,321</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 288,321</u> |

NOTE 7 BOARD OF DIRECTORS' COMPENSATION

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

NOTE 8 INCOME TAX STATUS

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

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 9 CHANGES IN LONG-TERM DEBT

| | Balance July 1, 2001 | Principal | | Balance June 30, 2002 |
|----------------------|----------------------------|-------------|-----------------|-----------------------------|
| | | Additions | Deletions | |
| Accrued annual leave | <u>\$ 8,193</u> | <u>\$ -</u> | <u>\$ 3,708</u> | <u>\$ 4,485</u> |

NOTE 10 JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against the Council at June 30, 2002. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance.

NOTE 11 FEDERAL AWARD PROGRAMS

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

NOTE 12 ECONOMIC DEPENDENCY

The Council receives 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 state level, the amount of the funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

NOTE 13 RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the Council's insurance coverage.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 14 INTERFUND LOANS

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|------------------------|----------------------------------|-------------------------------|
| General Fund | \$ - | \$ 34,782 |
| Special Revenue Funds: | | |
| Section 5311 | 7,860 | - |
| Project Care | 7,242 | - |
| United Way | 3,256 | - |
| FEMA | - | 560 |
| Project Independence | <u>16,984</u> | <u>-</u> |
| | <u>\$ 35,342</u> | <u>\$ 35,342</u> |

NOTE 15 RESERVED FUND BALANCE

The Council receives funding from various utility companies for the restricted purpose of alleviating hardship conditions related to the payment of utility bills for elderly individuals. Funds available at year-end for this purpose have been reserved accordingly. The following summary outlines the activity by funding source for the year ended June 30, 2002:

| | <u>Balance July 1, 2001</u> | <u>Revenue July 1, 2001 - June 30, 2002</u> | <u>Disbursements July 1, 2001 - June 30, 2002</u> | <u>Balance June 30, 2002</u> |
|------------------------|-------------------------------------|---|---|--------------------------------------|
| City of Abbeville | | | | |
| (Share the Light) | \$ 568 | \$ 269 | \$ 385 | \$ 452 |
| Entergy (Project Care) | <u>5,610</u> | <u>4,315</u> | <u>2,684</u> | <u>7,241</u> |
| | <u>\$ 6,178</u> | <u>\$ 4,584</u> | <u>\$ 3,069</u> | <u>\$ 7,693</u> |

The Council has other assets which are restricted in their application by virtue of the donor's intention or commitments already entered into by the Council. Details on the reserved balances are set out below:

| | |
|-----------------------------|------------------|
| Utility Assistance | \$ 7,693 |
| Share the Light | 452 |
| Title III-E | 4,062 |
| Miles for Meals | 10,443 |
| Prepaid Expenditures | <u>9,865</u> |
| Total reserved fund balance | <u>\$ 32,515</u> |

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 16 INTERFUND TRANSFERS:

Operating transfers in and out are listed by fund for the year ended June 30, 2002:

| | Funds transferring in: | | | | | Total |
|-------------------------|------------------------|-------------------|------------------|----------------|---------------|-------------------|
| | General Fund | Title III-B | Title III-C-2 | Title III-D | Ombudsman | |
| Funds transferring out: | | | | | | |
| General Fund | \$ - | \$ 35,826 | \$ 15,358 | \$ 324 | \$ 308 | \$ 51,816 |
| PCOA Act 735 | - | 21,779 | - | - | - | 21,779 |
| Senior Center | - | 31,621 | - | - | - | 31,621 |
| Senior Center (Supp) | - | 4,500 | - | - | - | 4,500 |
| Title III-C-1 | - | - | 8,075 | - | - | 8,075 |
| Title III-E | 4,062 ¹ | - | - | - | - | 4,062 |
| Section 5311 | - | 5,562 | - | - | - | 5,562 |
| United Way | - | - | 29,420 | - | - | 29,420 |
| Project Independence | - | 25,571 | - | - | - | 25,571 |
| | <u>\$ 4,062</u> | <u>\$ 124,859</u> | <u>\$ 52,853</u> | <u>\$ 324</u> | <u>\$ 308</u> | <u>\$ 182,406</u> |

¹ Amount represents funds available in the General Fund for Title III-E. See note 15 which discloses the portion of the general fund balance reserved for Title III-E.

NOTE 17 EXCESS EXPENDITURES OVER APPROPRIATIONS

At year-end, the Council has three funds whose expenditures exceeded appropriations. The individual funds and the amount of the excess expenditures are:

| | |
|---------------|-----------------|
| Title III-C-1 | <u>\$ 2,103</u> |
| Senior Center | <u>\$ 2</u> |
| Ombudsman | <u>\$ 179</u> |

NOTE 18 PROGRAM YEAR-ENDS

All of the operating programs have a June 30 year-end, coinciding with the fiscal year of the Council, except for the FEMA Program which is not funded through the Area Agency, and has a September 30 year-end. These statements reflect twelve months' activity for the above program for the year ended June 30, 2002.

VERMILION COUNCIL ON AGING, INC.

Notes to Financial Statements

NOTE 19 BUDGET PRESENTATIONS - RECONCILIATION

The Council is not required to adopt a budget for the General Fund, therefore, no budget presentation is shown in these financial statements. A budget is also not presented for the section 5311 Fund, FEMA Fund, Share the Light Fund, Project Care Fund, United Way Fund, and Project Independence Fund because the Council did not adopt a budget for these funds.

The following is a schedule reconciling all special revenue funds to special revenue funds in which budgets were adopted:

NOTE 20 DEFICIT FUND BALANCE

The FEMA Fund has a deficit fund balance of \$561 at June 30, 2002. The deficit fund balance will be eliminated in future years by requesting additional funding to cover the additional expenditures as of June 30, 2002.

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS

VERMILION COUNCIL ON AGING, INC.

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - General Fund
Year Ended June 30, 2002

| | <u>Local</u> | <u>PCOA Act 735</u> | <u>Medicaid</u> | <u>Total</u> |
|---|------------------|-------------------------|-------------------|------------------|
| Revenues: | | | | |
| Intergovernmental | | | | |
| Department of Health and Hospitals | \$ - | \$ - | \$ 77,704 | \$ 77,704 |
| PCOA | - | 21,779 | - | 21,779 |
| Local and miscellaneous: | | | | |
| Vermilion Parish Police Jury | 39,275 | - | - | 39,275 |
| Municipalities | 3,259 | - | - | 3,259 |
| Interest income | 1,751 | - | - | 1,751 |
| Adult day care | 3,276 | - | - | 3,276 |
| Fundraising | 10,443 | - | - | 10,443 |
| Miscellaneous | 2,281 | - | - | 2,281 |
| Total revenues | <u>60,285</u> | <u>21,779</u> | <u>77,704</u> | <u>159,768</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Salaries | 5,870 | - | 69,582 | 75,452 |
| Fringe | 1,104 | - | 11,748 | 12,852 |
| Travel | 2,495 | - | 3,079 | 5,574 |
| Operating services | 928 | - | 4,788 | 5,716 |
| Operating supplies | 213 | - | 635 | 848 |
| Other costs | 7,353 | - | 252 | 7,605 |
| Total expenditures | <u>17,963</u> | <u>-</u> | <u>90,084</u> | <u>108,047</u> |
| Excess (deficiency) of revenues over expenditures | <u>42,322</u> | <u>21,779</u> | <u>(12,380)</u> | <u>51,721</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in | 4,062 | - | - | 4,062 |
| Operating transfers out | <u>(51,816)</u> | <u>(21,779)</u> | <u>-</u> | <u>(73,595)</u> |
| Total other financing sources (uses) | <u>(47,754)</u> | <u>(21,779)</u> | <u>-</u> | <u>(69,533)</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (5,432) | - | (12,380) | (17,812) |
| Fund balance, beginning of year | <u>70,897</u> | <u>-</u> | <u>6,206</u> | <u>77,103</u> |
| Fund balance (deficit), end of year | <u>\$ 65,465</u> | <u>\$ -</u> | <u>\$ (6,174)</u> | <u>\$ 59,291</u> |

VERMILION COUNCIL ON AGING, INC.

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
All Special Revenue Funds
Year Ended June 30, 2002

| | Title III-B | Title III C-1 | Title III C-2 | Title III-D |
|--|------------------|------------------|------------------|----------------|
| Revenues: | | | | |
| Intergovernmental: | | | | |
| Governor's Office of Elderly Affairs | \$ 114,954 | \$ 29,008 | \$ 18,317 | \$ 5,657 |
| Department of Transportation and Development | - | - | - | - |
| Department of Social Services Program | 23,045 | 14,523 | 39,828 | - |
| Local and miscellaneous | - | - | - | - |
| Total revenues | <u>137,999</u> | <u>43,531</u> | <u>58,145</u> | <u>5,657</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Salaries | 161,194 | 24,853 | 64,726 | 969 |
| Fringe | 27,740 | 4,095 | 11,125 | 196 |
| Travel | 6,845 | 394 | 23,999 | 112 |
| Operating services | 45,195 | 1,823 | 6,150 | 914 |
| Operating supplies | 19,678 | 4,194 | 4,675 | 3,761 |
| Other costs | 2,206 | 97 | 323 | 29 |
| Total expenditures | <u>262,858</u> | <u>35,456</u> | <u>110,998</u> | <u>5,981</u> |
| Excess (deficiency) of revenues over expenditures | <u>(124,859)</u> | <u>8,075</u> | <u>(52,853)</u> | <u>(324)</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in | 124,859 | - | 52,853 | 324 |
| Operating transfers out | <u>-</u> | <u>(8,075)</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>124,859</u> | <u>(8,075)</u> | <u>52,853</u> | <u>324</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | - | - | - | - |
| Fund balance, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance (deficit), end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| <u>Title III-E</u> | <u>Senior Center</u> | <u>Section 5311</u> | <u>Supplemental Senior Center</u> | <u>Ombudsman</u> | <u>FEMA</u> | <u>Share the Light</u> |
|------------------------|--------------------------|-------------------------|---|------------------|-----------------|--------------------------------|
| \$ 19,257 | \$ 40,379 | \$ - | \$ 4,500 | \$ 6,568 | \$ - | \$ - |
| - | - | 129,048 | - | - | - | - |
| - | - | - | - | - | - | - |
| 403 | - | - | - | - | - | - |
| - | - | 13,262 | - | - | - | 270 |
| <u>19,660</u> | <u>40,379</u> | <u>142,310</u> | <u>4,500</u> | <u>6,568</u> | <u>-</u> | <u>270</u> |
| 8,814 | - | 69,362 | - | 4,158 | - | - |
| 2,332 | - | 11,965 | - | 697 | - | - |
| 858 | - | 357 | - | 1,132 | - | - |
| 1,549 | 8,758 | 31,304 | - | 751 | 3,145 | 385 |
| 1,964 | - | 20,394 | - | 100 | - | - |
| 81 | - | 1,026 | - | 38 | - | - |
| <u>15,598</u> | <u>8,758</u> | <u>134,408</u> | <u>-</u> | <u>6,876</u> | <u>3,145</u> | <u>385</u> |
| <u>4,062</u> | <u>31,621</u> | <u>7,902</u> | <u>4,500</u> | <u>(308)</u> | <u>(3,145)</u> | <u>(115)</u> |
| - | - | - | - | 308 | - | - |
| <u>(4,062)</u> | <u>(31,621)</u> | <u>(5,562)</u> | <u>(4,500)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(4,062)</u> | <u>(31,621)</u> | <u>(5,562)</u> | <u>(4,500)</u> | <u>308</u> | <u>-</u> | <u>-</u> |
| - | - | 2,340 | - | - | (3,145) | (115) |
| - | - | 5,520 | - | - | 2,584 | 568 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,860</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (561)</u> | <u>\$ 453</u> |

VERMILION COUNCIL ON AGING, INC.

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Special Revenue Funds (Continued)
Year Ended June 30, 2002

| | Project Care | United Way | Project Independence | Total |
|--|-----------------|-----------------|-------------------------|------------------|
| Revenues: | | | | |
| Intergovernmental: | | | | |
| Governor's Office of Elderly Affairs | \$ - | \$ - | \$ - | \$ 238,640 |
| Department of Transportation and Development | - | - | - | 129,048 |
| Department of Social Services Program | - | 2,636 | 25,571 | 25,571 |
| Local and miscellaneous | 4,315 | 38,012 | - | 80,435 |
| Total revenues | <u>4,315</u> | <u>40,648</u> | <u>25,571</u> | <u>55,859</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Salaries | - | 7,465 | - | 341,541 |
| Fringe | - | 1,308 | - | 59,458 |
| Travel | - | 1,561 | - | 35,258 |
| Operating services | 2,684 | 675 | - | 103,333 |
| Operating supplies | - | 205 | - | 54,971 |
| Other costs | - | 35 | - | 3,835 |
| Total expenditures | <u>2,684</u> | <u>11,249</u> | <u>-</u> | <u>598,396</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,631</u> | <u>29,399</u> | <u>25,571</u> | <u>(68,843)</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in | - | - | - | 178,344 |
| Operating transfers out | - | (29,420) | (25,571) | (108,811) |
| Total other financing sources (uses) | <u>-</u> | <u>(29,420)</u> | <u>(25,571)</u> | <u>69,533</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 1,631 | (21) | - | 690 |
| Fund balances, beginning of year | <u>5,611</u> | <u>3,277</u> | <u>16,984</u> | <u>34,544</u> |
| Fund balances (deficit), end of year | <u>\$ 7,242</u> | <u>\$ 3,256</u> | <u>\$ 16,984</u> | <u>\$ 35,234</u> |

VERMILION COUNCIL ON AGING, INC.

Schedule of Expenditures and Other Financing Uses -
Budget (GAAP Basis) and Actual - Contracts and Grants
Provided Through the Louisiana Governor's Office of Elderly Affairs (GOEA)

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Favorable (Unfavorable)</u> |
|-----------------------------------|-------------------|-------------------|---|
| <u>Title III-B</u> | | | |
| Salaries | \$ 161,517 | \$ 161,194 | \$ 323 |
| Fringe | 29,074 | 27,740 | 1,334 |
| Travel | 7,337 | 6,845 | 492 |
| Operating services | 46,320 | 45,195 | 1,125 |
| Operating supplies | 20,010 | 19,678 | 332 |
| Other costs | 2,185 | 2,206 | (21) |
| | <u>\$ 266,443</u> | <u>\$ 262,858</u> | <u>\$ 3,585</u> |
| <u>Title III C-1</u> | | | |
| Salaries | \$ 22,958 | \$ 24,853 | \$ (1,895) |
| Fringe | 4,132 | 4,095 | 37 |
| Travel | 360 | 394 | (34) |
| Operating services | 1,857 | 1,823 | 34 |
| Operating supplies | 3,928 | 4,194 | (266) |
| Other costs | 118 | 97 | 21 |
| Transfer out to: Title III C-2 | - | 8,075 | (8,075) |
| | <u>\$ 33,353</u> | <u>\$ 43,531</u> | <u>\$ (10,178)</u> |
| <u>Title III C-2</u> | | | |
| Salaries | \$ 64,011 | \$ 64,726 | \$ (715) |
| Fringe | 11,523 | 11,125 | 398 |
| Travel | 26,121 | 23,999 | 2,122 |
| Operating services | 6,268 | 6,150 | 118 |
| Operating supplies | 4,353 | 4,675 | (322) |
| Other costs | 399 | 323 | 76 |
| | <u>\$ 112,675</u> | <u>\$ 110,998</u> | <u>\$ 1,677</u> |
| <u>Title III-D</u> | | | |
| Salaries | \$ 1,488 | \$ 969 | \$ 519 |
| Fringe | 269 | 196 | 73 |
| Travel | 35 | 112 | (77) |
| Operating services | 923 | 914 | 9 |
| Operating supplies | 4,094 | 3,761 | 333 |
| Other costs | 59 | 29 | 30 |
| | <u>\$ 6,868</u> | <u>\$ 5,981</u> | <u>\$ 887</u> |

(continued)

VERMILION COUNCIL ON AGING, INC.

Schedule of Expenditures and Other Financing Uses -
Budget (GAAP Basis) and Actual - Contracts and Grants
Provided Through the Louisiana Governor's Office of Elderly Affairs (GOEA)

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Favorable (Unfavorable)</u> |
|-----------------------------------|------------------|------------------|---|
| <u>Title III E</u> | | | |
| Salaries | \$ 19,375 | \$ 8,814 | \$ 10,561 |
| Fringe | 3,487 | 2,332 | 1,155 |
| Travel | 1,690 | 858 | 832 |
| Operating services | 1,694 | 1,549 | 145 |
| Operating supplies | 2,083 | 1,964 | 119 |
| Other costs | 100 | 81 | 19 |
| | <u>\$ 28,429</u> | <u>\$ 15,598</u> | <u>\$ 12,831</u> |
| <u>Senior Center</u> | | | |
| Operating services | \$ 9,716 | \$ 8,758 | \$ 958 |
| Transfer out to: Title III-B | <u>30,661</u> | <u>31,621</u> | <u>(960)</u> |
| | <u>\$ 40,377</u> | <u>\$ 40,379</u> | <u>\$ (2)</u> |
| <u>Supplemental Senior Center</u> | | | |
| Transfer out to: Title III-B | <u>\$ 4,500</u> | <u>\$ 4,500</u> | <u>\$ -</u> |
| <u>Ombudsman</u> | | | |
| Salaries | \$ 3,874 | \$ 4,158 | \$ (284) |
| Fringe | 697 | 697 | - |
| Travel | 1,693 | 1,132 | 561 |
| Operating services | 373 | 751 | (378) |
| Operating supplies | 36 | 100 | (64) |
| Other costs | 24 | 38 | (14) |
| | <u>\$ 6,697</u> | <u>\$ 6,876</u> | <u>\$ (179)</u> |
| <u>PCOA</u> | | | |
| Transfer out to: Title III-B | <u>\$ 21,779</u> | <u>\$ 21,779</u> | <u>\$ -</u> |

INTERNAL CONTROL AND COMPLIANCE



(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990

E. Larry Sikes, CPA, CVA, CFP
Danny P. Frederick, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Paula D. Bihm, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA

Jennifer S. Ziegler, CPA
Chris A. Miller, CPA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA

Kathleen T. Darnall, CPA
Erich G. Loewer, Jr., CPA
Erich G. Loewer, III, MTX, CPA
Donna E. Latiolais, CPA
Tamera T. Landry, CPA
Carla R. Fontenot, CPA
Raegan D. Stelly, CPA
Julie T. Templett, CPA
Barbara A. Clark, CPA
Monica F. Laverne, CPA
Lauren F. Verrett, CPA
Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA

Independent Auditor's Report on Compliance and
on Internal Control over Financial
Reporting Based on an Audit of General
Purpose Financial Statements Performed in
Accordance with Government Auditing Standards

The Board of Directors
Vermilion Council on Aging, Inc.
Abbeville, Louisiana

Other Locations:

1231 E. Laurel Avenue
Eunice, LA 70535
337.457.4146

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
985.384.6264

We have audited the general purpose financial statements of the Vermilion Council on Aging, Inc., as of and for the year ended June 30, 2002, and have issued our report thereon dated August 29, 2002. We have conducted our 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 the Vermilion Council on Aging, Inc.'s general purpose financial statements are free of material misstatement, we 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 general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered the Vermilion Council on Aging, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

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Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Vermilion Council on Aging, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as items 02-1.

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 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. Our consideration of the internal control structure over financial reporting 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, we believe the reportable condition described above is a material weakness.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
August 29, 2002

OTHER SUPPLEMENTARY INFORMATION

VERMILION COUNCIL ON AGING, INC.

Schedule of Changes in General Fixed Assets
Year Ended June 30, 2002

| | Balance June 30, 2001 | Additions | Deletions | Balance June 30, 2002 |
|--|-----------------------------|-------------|-------------|-----------------------------|
| General fixed assets, at cost: | | | | |
| Furniture and fixtures | \$ 40,136 | \$ - | \$ - | \$ 40,136 |
| Vehicles | 236,821 | - | - | 236,821 |
| Leasehold improvements | <u>11,364</u> | <u>-</u> | <u>-</u> | <u>11,364</u> |
| Total general fixed assets | <u>\$ 288,321</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 288,321</u> |
| Investment in general fixed assets: | | | | |
| Property acquired prior to July 1, 1990* | \$ 23,515 | \$ - | \$ - | \$ 23,515 |
| Property acquired after July 1, 1990 with funds from - | | | | |
| Local | 44,628 | - | - | 44,628 |
| Title-III-B | 1,493 | - | - | 1,493 |
| Title-III-D | 6,743 | - | - | 6,743 |
| Section 5311 | <u>211,942</u> | <u>-</u> | <u>-</u> | <u>211,942</u> |
| | <u>\$ 288,321</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 288,321</u> |

* Records reflecting sources from which assets were acquired were not maintained prior to July 1, 1990.

VERMILION COUNCIL ON AGING, INC.

Schedule of Disbursements to Board Members
Year Ended June 30, 2002

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. The following board member was reimbursed for mileage, travel expenses and supplies while attending to business of the Council:

| | |
|--------------------|--------------|
| Shirley Schexnider | <u>\$402</u> |
| Linda Cockrell | <u>\$ 39</u> |
| Winnie Broussard | <u>\$ 71</u> |

VERMILION COUNCIL ON AGING, INC.

Summary Schedule of Prior Year Findings
Year Ended June 30, 2002

- 01-1 Finding: Inadequate Segregation of Accounting Functions
Status: This finding is unresolved. See current year finding 02-1.
- 01-2 Finding: Incorrect Payroll Tax Withholding
Status: Resolved.
- 01-3 Finding: Budget Variances
Status: Resolved.
- 01-4 Finding: Inadequate Number of Board Members
Status: Resolved.
- 01-5 Finding: Board Approved Minutes
Status: Resolved.

VERMILION COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2002

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report - Financial Statements

An unqualified opinion has been issued on the Vermilion Council on Aging, Inc.'s financial statements as of and for the year ended June 30, 2002.

Reportable Conditions - Financial Reporting

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 02-1 and is considered a material weakness.

Material Noncompliance - Financial Reporting

This section is not applicable for the fiscal year ended June 30, 2002.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2002.

Part 2: Findings Relating to an Audit in Accordance with Governmental Auditing Standards

02-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the Council did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2002, the Vermilion Council on Aging, Inc. did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

VERMILION COUNCIL ON AGING, INC.

Management's Corrective Action Plan For Current Year Findings
Year Ended June 30, 2002

Response to Findings:

02-1 Inadequate Segregation of Accounting Functions

Based upon the size of the operation and the cost benefit of additional personnel it is not feasible to achieve complete segregation of duties, however, we will utilize the staff we have to separate duties for a more effective internal control.