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ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Annual Financial Report

For the Year Ended June 30, 1999

(With Audit Report Thereon)

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 1-19-00

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana  
For the Year Ended June 30, 1999

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**TOM MILHOAN**  
Certified Public Accountant

Member:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

109 North Eleventh Street  
Oakdale, Louisiana 71463  
(318)335-0495

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Allen Council on Aging, Inc.  
Oakdale, Louisiana

I have audited the accompanying general purpose financial statements of Allen Council on Aging, Inc. (a nonprofit organization) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allen Council on Aging, Inc. as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the general purpose financial statements of Allen Council on Aging, Inc. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 9, 1999, on my consideration of Allen Council on Aging, Inc. internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.



Oakdale, Louisiana  
December 9, 1999

ALLEN COUNCIL ON AGING, INC.  
 Oakdale, Louisiana  
 Combined Balance Sheet - All Fund Types and Account Group  
 June 30, 1999  
 (With comparative totals for June 30, 1998)

	Governmental Fund Types		Account Group	Totals	
	General	Special Revenue	General Fixed Assets	(Memorandum Only)	
				1999	1998
<u>ASSETS</u>					
Cash	\$ 95,286	\$ 475	\$ -	\$ 95,761	\$ 96,861
Fixed Assets	<u>-</u>	<u>-</u>	<u>95,896</u>	<u>95,896</u>	<u>78,709</u>
Total Assets	<u>\$ 95,286</u>	<u>\$ 475</u>	<u>\$ 95,896</u>	<u>\$191,657</u>	<u>\$175,570</u>
<u>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</u>					
Fund Equity and Other Credits:					
Investment in General Fixed Assets	\$ -	\$ -	\$ 95,896	\$ 95,896	\$ 78,709
Fund Balances:					
Reserved	-	475	-	475	12,510
Unreserved - Undesignated	<u>95,286</u>	<u>-</u>	<u>-</u>	<u>95,286</u>	<u>84,351</u>
Total Fund Equity and Other Credits	<u>95,286</u>	<u>475</u>	<u>95,896</u>	<u>191,657</u>	<u>175,570</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$ 95,286</u>	<u>\$ 475</u>	<u>\$ 95,896</u>	<u>\$191,657</u>	<u>\$175,570</u>

The accompanying notes are an integral part of this statement.

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in  
Fund Balances - All Governmental Fund Types  
For the Year Ended June 30, 1999  
(With comparative totals for the year ended June 30, 1998)

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>	
			<u>1999</u>	<u>1998</u>
<u>REVENUES</u>				
Intergovernmental	\$ 21,779	\$211,319	\$233,098	\$195,838
Public Support	1,485	59,236	60,721	106,726
Project Independence	32,400	-	32,400	-
Medicare Waiver	25,837	-	25,837	-
Medicaid	7,700	-	7,700	-
In-kind Contributions	<u>-</u>	<u>14,300</u>	<u>14,300</u>	<u>14,300</u>
Total Revenues	<u>89,201</u>	<u>284,855</u>	<u>374,056</u>	<u>316,864</u>
<u>EXPENDITURES</u>				
Current:				
Salaries	41,880	125,413	167,293	129,985
Fringe	-	12,969	12,969	10,297
Travel	486	18,173	18,659	16,316
Operating services	193	33,208	33,401	34,889
Operating supplies	258	8,358	8,616	58,943
Other costs	8,703	4,889	13,592	21,562
Meals-Raw Food Costs	-	100,385	100,385	-
In-kind expenses	-	14,300	14,300	14,300
Capital outlay	<u>6,691</u>	<u>-</u>	<u>6,691</u>	<u>17,375</u>
Total Expenditures	<u>58,211</u>	<u>317,695</u>	<u>375,906</u>	<u>303,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,990</u>	<u>(32,840)</u>	<u>(1,850)</u>	<u>13,197</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of Asset	750	-	750	-
Operating transfers in	974	81,900	82,874	41,416
Operating transfers out	<u>(21,779)</u>	<u>(61,095)</u>	<u>(82,874)</u>	<u>(41,416)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>10,935</u>	<u>(12,035)</u>	<u>(1,100)</u>	<u>13,197</u>
<u>FUND BALANCES</u>				
Beginning of year	<u>84,351</u>	<u>12,510</u>	<u>96,861</u>	<u>83,664</u>
End of year	<u>\$ 95,286</u>	<u>\$ 475</u>	<u>\$ 95,761</u>	<u>\$ 96,861</u>

The accompanying notes are an integral part of this statement.

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual - General Fund

For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Intergovernmental	\$21,779	\$ 21,779	\$ -
Public Support	5,026	1,485	(3,541)
Project Independence	-	32,400	32,400
Medicare Waiver	-	25,837	25,837
Medicaid	<u>-</u>	<u>7,700</u>	<u>7,700</u>
 Total Revenues	 <u>26,805</u>	 <u>89,201</u>	 <u>62,396</u>
<u>EXPENDITURES</u>			
Current:			
Salaries	4,200	41,880	(37,680)
Travel	-	486	(486)
Operating services	-	193	(193)
Operating supplies	-	258	(258)
Other costs	826	8,703	(7,877)
Capital outlay	<u>-</u>	<u>6,691</u>	<u>(6,691)</u>
 Total Expenditures	 <u>5,026</u>	 <u>58,211</u>	 <u>(53,185)</u>
 Excess (deficiency) of revenues over (under) expenditures	 21,779	 30,990	 9,211
<u>OTHER FINANCING SOURCES (USES)</u>			
Sale of Asset	-	750	750
Operating transfers in	-	974	974
Operating transfers out	<u>(21,779)</u>	<u>(21,779)</u>	<u>-</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 -	 10,935	 10,935
<u>FUND BALANCES</u>			
Beginning of year	<u>84,351</u>	<u>84,351</u>	<u>-</u>
 End of year	 <u>\$84,351</u>	 <u>\$ 95,286</u>	 <u>\$ 10,935</u>

The accompanying notes are an integral part of this statement.

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual - Special Revenue Funds

For the Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
<u>REVENUES</u>			
Intergovernmental	\$ 211,319	\$ 211,319	\$ -
Public Support	59,187	58,690	(497)
In-kind Contributions	14,300	14,300	-
Miscellaneous	-	546	546
	<u>284,806</u>	<u>284,855</u>	<u>49</u>
<u>EXPENDITURES</u>			
Current:			
Salaries	124,580	125,413	(833)
Fringe	13,515	12,969	546
Travel	18,700	18,173	527
Operating services	33,203	33,208	(5)
Operating supplies	8,200	8,358	(158)
Other Costs	5,991	4,889	1,102
Meals-Raw Food Costs	100,384	100,385	(1)
In-kind expenses	<u>14,300</u>	<u>14,300</u>	<u>-</u>
	<u>318,873</u>	<u>317,695</u>	<u>1,178</u>
Excess (deficiency) of revenues over (under) expenditures	(34,067)	(32,840)	1,227
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	81,900	81,900	-
Operating transfers out	<u>(61,095)</u>	<u>(61,095)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(13,262)	(12,035)	1,227
<u>FUND BALANCES</u>			
Beginning of year	<u>12,510</u>	<u>12,510</u>	<u>-</u>
End of year	<u>\$ (752)</u>	<u>\$ 475</u>	<u>\$ 1,227</u>

The accompanying notes are an integral part of this statement.



ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A - REPORTING ENTITY**

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

The primary function of the Allen Council on Aging, Inc. is to improve the quality of life for the parish's elderly and to provide services to the elderly as well as coordinate and monitor the services of other local agencies serving the aging people of the parish. Such services include providing meals, nutritional education, information and referral services, legal assistance, homemaker services, operating senior centers, and transportation. A Board of Directors, consisting of 11 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 statements as a separate special-purpose government.

**B - PRESENTATION OF STATEMENTS**

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

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

(continued)



ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

**C - FUND ACCOUNTING**

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

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

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 programs comprise the Council's General Fund:

Local

Revenues, such as, donations from the general public, income from various fund raisers, program service revenue from renting Medic Alert units and providing Medicaid services, and interest income, have been recorded in the local program of the general fund. Expenses incurred which are not chargeable to specific programs are recorded as local program expenditures. Also, expenses incurred to produce related program service fees and fund raising 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.

(continued)

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

Medicaid

This is a program where the Council completes enrollment applications for people wanting to apply for Medicaid services. The Council is paid \$14 per application it completes by the Department of Health and Hospitals (DHH). 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 home-bound 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 case management function.

PCOA (Act 735)

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

• Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specified purposes. Most of the Council's special revenue funds are provided by GOEA. The Title III funds are provided by the United States Department of Health and Human Services - Administration on Aging through the Governor's Office of Elderly Affairs which in turn "passes through" the funds to the Council.

The following are the funds which comprise the Council's special revenue funds:

Title III-B Supportive Services Fund

Title III-B Supportive Services Fund 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.

Title III-C Area Agency Administration (AAA) Fund

The Title III-C Area Agency Administration (AAA) Fund is used to account for some of the administrative costs associated with operating the Special Programs for the Aging.

(continued)

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

Title III C-1 Congregate Meals Fund

The Title III C-1 Fund is used to account for funds which are used to provide nutritional, congregate meals to the elderly in strategically located centers. During the fiscal year July 1, 1998 to June 30, 1999, the Council served about 17,500 congregate meals.

Title III C-2 Home Delivered Meals Fund

Title III C-2 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, 1998 to June 30, 1999, the Council served about 26,250 home delivered meals.

Title III-D Fund

The III-D Fund is used to account for funds which are used to provide in-home services to frail older individuals, including in-home supportive services for older individuals who are victims of Alzheimer's disease and related disorders with neurological and organic brain dysfunction, and to the families of such victims.

Title III-F Fund

The Title III-F Fund is used to account for funds used for disease prevention and health promotion activities or services, such as: (1) equipment and materials (scales to weigh people, educational material, 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 under served and in which there are a large number of older individuals who have the greatest economic and social need."

Senior Center Fund

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

U.S.D.A. Fund

The U.S.D.A. Fund is used to account for the administration of Nutrition Program for the Elderly funds provided by the United States Department of Agriculture through the

(continued)

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program reimburses the service provider about forty cents for each congregate and home-delivered meal served to an eligible participant so that United States food and commodities may be purchased to supplement these programs.

Audit Fund

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit or compilation of the Council's financial statements.

Utility Assistance Fund

The Utility Assistance Fund is used to account for the administration of programs that are sponsored by local utility companies. The companies collect contributions from service customers and employees and remit the funds directly to the Council or to the Louisiana Association of Councils on Aging (LACOA), which in turn remits funds relating to Allen Parish to the Council. These funds are used to provide financial assistance to the elderly for the payment of their utility bills.

**D - ACCOUNT GROUP**

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

General Fixed Assets

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

**E - BASIS OF ACCOUNTING**

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

(continued)

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

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

**F - TRANSFERS AND INTERFUND LOANS**

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

**G - BUDGET POLICY**

The Council used the following procedures to derive in the budgetary data which has been presented in Exhibits C and D of 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 next year.
- The adopted budget is forwarded to the Governor's Office of Elderly Affairs for final approval.
- 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.

(continued)



ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

- 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 statement include the original adopted amounts and all subsequent amendments. There was only one amendment during the year which was effective May 18, 1999.
- 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 awards, 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 10%. Otherwise, the excess costs could be labeled as unauthorized expenditures.
- Expenditures cannot legally exceed appropriations on an individual fund level.
- 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 activities are not budgeted, particularly if they are deemed to be immaterial by management.
- Amounts were not budgeted for revenues and expenses for the Utility Assistance Fund, or for Medicaid, Medicare Waiver, and Project Independence of the General Fund because they were not legally required and the amount of revenue to be received under this program could not be determined.

## II - COMPARATIVE DATA

*Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Council's financial position and operations. However, presentation of comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.*

Total columns on the combined statements 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)



ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

**I - FIXED ASSETS**

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

**J - RELATED PARTY TRANSACTIONS**

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

**K - COMPENSATED ABSENCES**

The Council has no vacation or sick leave policy.

**L - 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.

**M - 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.

**N - PREPAID EXPENSES**

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 expenses recorded in these funds to reflect the amount of fund balance not currently available for expenditure. At year end, there were not any prepaid expenses.

**O - MANAGEMENT'S USE OF ESTIMATES**

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

*(continued)*

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

**NOTE 2 -REVENUE RECOGNITION - INTERGOVERNMENTAL, 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.

Senior Center, State Allocation (Act 735), Titles IIB and D funds are received as a monthly allocation of the total grant in advance of the actual expenditures, but are not susceptible to accrual as revenue until the actual expenditures are made. Audit funds are also recognized as revenue once the related cost has been incurred, and the grant reimbursement is measurable and available.

USDA program funds are earned and become susceptible to accrual based upon the number of units of service provided to program participants and are recorded as revenues at that time.

Public Support and Miscellaneous Revenues

The Council encourages and receives contributions from clients to help offset the costs of the Title III-B, C-1, C-2 and D programs. 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 center activities. The timing and amounts of the receipts of public support and miscellaneous revenues are difficult to predict; therefore, they are not susceptible to accrual and are recorded as revenue in the period received.

**NOTE 3 - CASH IN BANK**

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, 1999, the balance of the Council's consolidated bank account was \$95,761. The related bank balance (collected deposits) at that date was \$109,787. Deposits up to \$100,000 are covered by federal depository insurance, which GASB Statement 3 categorizes the credit risk of as Category 1 because they are fully insured. During the year ended June 30, 1999, the Council's operating bank balance exceeded the FDIC limit of \$100,000 several times, with the bank balance ranging from \$100,013 to \$122,143.

(continued)

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

**NOTE 4 - CHANGES IN GENERAL FIXED ASSETS**

	Balances 7/1/98	Additions	Adjustments and Deletions	Balances 6/30/99
Vehicles	\$ 53,501	\$ 22,265	\$ (5,157)	\$ 70,609
Furniture & Equipment	<u>25,208</u>	<u>-</u>	<u>79</u>	<u>25,287</u>
	<u>\$ 78,709</u>	<u>\$ 22,265</u>	<u>\$ (5,078)</u>	<u>\$ 95,896</u>

**NOTE 5 - IN-KIND DONATIONS**

The Council received \$14,300 in various in-kind contributions during the year which have been valued at their estimated fair market value and presented in this report as revenue. Related expenditures, equal to the in-kind revenues, have also been presented, thereby producing no effect on net income.

The in-kind contributions consisted of free rent and utilities for the senior center/meal site facilities and health screening sites. The Council received additional support through services contributed by volunteers that does not meet the criteria for recognition under generally accepted accounting principles because the Council would not hire additional paid employees to perform these services if volunteers were not available.

**NOTE 6 - 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 7 - INCOME TAX STATUS**

The Council, a non-profit corporation, is exempt from federal income taxation 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.

**NOTE 8 - JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES**

There is no litigation pending against the Council at June 30, 1999. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance.

**NOTE 9 - 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.

(continued)

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

These programs are audited in accordance with the *Single Audit Act Amendments of 1996*. Any settlements or expenses arising out of a final review are recognized in the period agreed upon by the agency and the Council. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Council's financial position.

**NOTE 10 - 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 11 - INTERFUND TRANSFERS**

Operating Transfers in and out are listed by fund for the fiscal year ended June 30, 1999:

	Operating Transfers In	Operating Transfers Out
<u>Special Revenue Funds:</u>		
Title III C-1	\$17,636	\$ -
Senior Center	-	(21,305)
Title III C-2	30,510	-
Title III F	223	-
Title III B	33,140	-
Title III D	391	-
U.S.D.A. Cash in Lieu of Commodities	-	(34,316)
Audit Fund	-	(974)
Miscellaneous Grant	-	(4,500)
Total Special Revenue Funds	<u>\$ 81,900</u>	<u>\$ (61,095)</u>
<u>General Funds:</u>		
Local	\$ 974	\$ -
PCOA - Act 735	-	(21,779)
Total General Funds	<u>974</u>	<u>(21,779)</u>
Total All Funds	<u>\$ 82,874</u>	<u>\$ (82,874)</u>

(continued)

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Notes to the Financial Statements  
For the Year Ended June, 30, 1999

**NOTE 12 - RETIREMENT COMMITMENTS**

Employees of the Council are participants in the social security system and retirement benefits are provided by that system.

**NOTE 13 - FUND BALANCE - RESERVED**

The balance in reserved fund balance in the special revenue fund represents balances designated for future expenditures under programs which allow carryforward to future periods for specified services.

**NOTE 14 - 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 exceed the Council's insurance coverage.

SUPPLEMENTARY FINANCIAL INFORMATION



ALLEN COUNCIL ON AGING, INC.  
Schedule of Program Revenues, Expenditures,  
and Changes in Fund Balance - General Fund

For the year ended June 30, 1999

	<u>Programs of the General Fund</u>		
	<u>Local</u> <u>Unreserved</u>	<u>PCOA</u> <u>Act 735</u>	<u>Totals</u>
<u>REVENUES</u>			
Intergovernmental	\$ -	\$ 21,779	\$21,779
Public Support	1,485	-	1,485
Project Independence	32,400	-	32,400
Medicare Waiver	25,837	-	25,837
Medicaid	<u>7,700</u>	<u>-</u>	<u>7,700</u>
 Total Revenues	 <u>67,422</u>	 <u>21,779</u>	 <u>89,201</u>
<u>EXPENDITURES</u>			
Current:			
Salaries	41,880	-	41,880
Travel	486	-	486
Operating services	193	-	193
Operating supplies	258	-	258
Other costs	8,703	-	8,703
Capital outlay	<u>6,691</u>	<u>-</u>	<u>6,691</u>
 Total Expenditures	 <u>58,211</u>	 <u>-</u>	 <u>58,211</u>
 Excess (deficiency) of revenues over (under) expenditures	 9,211	 21,779	 30,990
<u>OTHER FINANCING SOURCES (USES)</u>			
Sale of Asset	750		750
Operating transfers in	974	-	974
Operating transfers out	<u>-</u>	<u>(21,779)</u>	<u>(21,779)</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 10,935	 -	 10,935
<u>FUND BALANCES</u>			
Beginning of year	<u>84,351</u>	<u>-</u>	<u>84,351</u>
 End of year	 <u>\$ 95,286</u>	 <u>\$ -</u>	 <u>\$ 95,286</u>

The accompanying notes are an integral part of this statement.

ALLEN COUNCIL ON AGING, INC.  
 Combining Schedule of Program Revenues, Expenditures,  
 and Changes in Fund Balance - Special Revenue Funds  
 For the year ended June 30, 1999

	Title III C Area Agency Admin.	Title III C-1	Senior Center	Title III C-2	Audit Fund	Title III-F	Misc. Grant	Title III B Support Services	Title III D	USDA Cash-in- lieu-of Comm.	Energy Fund	Totals
<b>REVENUES</b>												
Intergovernmental	\$ 16,345	\$ 54,590	\$ 21,305	\$ 37,554	\$ 974	\$ 2,899	\$ 4,500	\$ 49,498	\$ 1,819	\$ 21,835	\$ -	\$ 211,319
United Way	-	-	-	15,521	-	-	-	5,554	-	-	-	21,075
Public Support	-	3,036	-	7,624	-	-	-	4,809	-	-	-	15,469
Local Funds	-	-	-	21,039	-	-	-	1,107	-	-	-	22,146
Program Income	-	-	-	-	-	-	-	-	-	-	546	546
L/A Assoc. of Councils on Aging	-	-	-	-	-	-	-	-	-	-	-	14,300
In-kind Contributions	-	14,300	-	-	-	-	-	-	-	-	-	14,300
<b>Total Revenues</b>	<u>16,345</u>	<u>71,926</u>	<u>21,305</u>	<u>81,738</u>	<u>974</u>	<u>2,899</u>	<u>4,500</u>	<u>60,968</u>	<u>1,819</u>	<u>21,835</u>	<u>546</u>	<u>284,855</u>
<b>EXPENDITURES</b>												
Current:												
Salaries	9,180	24,077	-	32,311	-	2,193	-	56,061	1,591	-	-	125,413
Fringe	913	2,576	-	3,273	-	127	-	5,948	132	-	-	12,969
Travel	407	1,199	-	10,927	-	216	-	5,199	225	-	-	18,173
Operating services	4,808	3,444	-	5,361	-	412	-	18,869	214	-	100	33,208
Operating supplies	650	2,855	-	505	-	150	-	4,168	30	-	-	8,358
Other Costs	387	269	-	328	-	24	-	3,863	18	-	-	4,889
Meals-Raw Food Costs	-	40,842	-	59,543	-	-	-	-	-	-	-	100,385
In-kind expenses	-	14,300	-	-	-	-	-	-	-	-	-	14,300
<b>Total Expenditures</b>	<u>16,345</u>	<u>89,562</u>	<u>-</u>	<u>112,248</u>	<u>-</u>	<u>3,122</u>	<u>-</u>	<u>94,108</u>	<u>2,210</u>	<u>-</u>	<u>100</u>	<u>317,695</u>
Excess (deficiency) of revenues over (under) expenditures	-	(17,636)	21,305	(30,510)	974	(223)	4,500	(33,140)	(391)	21,835	446	(32,840)
<b>OTHER FINANCING SOURCES (USES)</b>												
Operating transfers in	-	17,636	-	30,510	-	223	-	33,140	391	-	-	81,900
Operating transfers out	-	-	(21,305)	-	(974)	-	(4,500)	-	-	(34,316)	-	(61,095)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-	-	-	-	(12,481)	446	(12,035)
<b>FUND BALANCES</b>												
Beginning of year	-	-	-	-	-	-	-	-	-	12,481	29	12,510
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ 475</u>

The accompanying notes are an integral part of this statement.

## ALLEN COUNCIL ON AGING, INC.

Schedule of Program Expenditures - Budget vs. Actual - Contracts  
and Grants Provided Through the Louisiana Governor's Office  
of Elderly Affairs (GOEA)

For the year ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>PCOA - ACT 735</u>			
Transfers out to:			
Title III B	\$ 11,835	\$ 11,835	\$ -
Title III C2	<u>9,944</u>	<u>9,944</u>	<u>-</u>
Totals	<u>\$ 21,779</u>	<u>\$ 21,779</u>	<u>\$ -</u>
<u>Title III C - Area Agency Administration</u>			
Salaries	\$ 8,972	\$ 9,180	\$ (208)
Fringe	988	913	75
Travel	407	407	-
Operating Services	5,015	4,808	207
Operating Supplies	578	650	( 72)
Other Costs	<u>385</u>	<u>387</u>	<u>(2)</u>
Totals	<u>\$ 16,345</u>	<u>\$ 16,345</u>	<u>\$ -</u>
<u>TITLE III B SUPPORTIVE SERVICES</u>			
Salaries	\$ 55,458	\$ 56,061	\$ (603)
Fringe	6,043	5,948	95
Travel	5,163	5,199	(36)
Operating Services	18,834	18,869	(35)
Operating Supplies	4,169	4,168	1
Other Costs	<u>3,171</u>	<u>3,863</u>	<u>(692)</u>
Totals	<u>\$ 92,838</u>	<u>\$ 94,108</u>	<u>\$ (1,270)</u>
<u>TITLE III C-1</u>			
Salaries	\$ 24,354	\$ 24,077	\$ 277
Fringe	2,651	2,576	75
Travel	1,142	1,199	(57)
Operating Services	3,476	3,444	32
Operating Supplies	2,776	2,855	(79)
Other Costs	25	269	(244)
Meals - Raw Food Costs	40,842	40,842	-
In-kind Expenses	<u>14,300</u>	<u>14,300</u>	<u>-</u>
Totals	<u>\$ 89,566</u>	<u>\$ 89,562</u>	<u>\$ 4</u>

The accompanying notes are an integral part of this statement.

(continued)

ALLEN COUNCIL ON AGING, INC.

Schedule of Program Expenditures - Budget vs. Actual - Contracts  
and Grants Provided Through the Louisiana Governor's Office  
of Elderly Affairs (GOEA)

For the year ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>TITLE III C-2</u>			
Salaries	\$ 31,923	\$ 32,311	\$ (388)
Fringe	3,478	3,273	205
Travel	11,521	10,927	594
Operating Services	5,344	5,361	(17)
Operating Supplies	615	505	110
Other Costs	1,769	328	1,441
Meals - Raw Food Costs	<u>59,542</u>	<u>59,543</u>	<u>(1)</u>
Totals	<u>\$114,192</u>	<u>\$112,248</u>	<u>\$ 1,944</u>
<u>TITLE III D</u>			
Salaries	\$ 1,591	\$ 1,591	\$ -
Fringe	106	132	(26)
Travel	249	225	24
Operating Services	221	214	7
Operating Supplies	26	30	(4)
Other Costs	<u>17</u>	<u>18</u>	<u>(1)</u>
Totals	<u>\$ 2,210</u>	<u>\$ 2,210</u>	<u>\$ 0</u>
<u>TITLE III E</u>			
Salaries	\$ 2,282	\$ 2,193	\$ 89
Fringe	249	127	122
Travel	218	216	2
Operating Services	313	412	(99)
Operating Supplies	36	150	(114)
Other Costs	<u>24</u>	<u>24</u>	<u>-</u>
Totals	<u>\$ 3,122</u>	<u>\$ 3,122</u>	<u>\$ 0</u>
<u>SENIOR CENTER</u>			
Transfers out to:			
Title III B	<u>\$ 21,305</u>	<u>\$ 21,305</u>	<u>\$ -</u>
<u>AUDIT FUND</u>			
Transfers out to Local	<u>\$ 974</u>	<u>\$ 974</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

(continued)

ALLEN COUNCIL ON AGING, INC.

Schedule of Program Expenditures - Budget vs. Actual - Contracts  
and Grants Provided Through the Louisiana Governor's Office  
of Elderly Affairs (GOEA)

For the year ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>U.S.D.A.</u>			
Transfers out to:			
Title III C 2	\$ 16,680	\$ 16,680	\$ -
Title III C 1	<u>17,636</u>	<u>17,636</u>	<u>-</u>
Totals	<u>\$ 34,316</u>	<u>\$ 34,316</u>	<u>\$ -</u>
<u>MISCELLANEOUS GRANT</u>			
Transfers out to:			
Title C2	\$ 3,886	\$ 3,886	\$ -
Title III D	391	391	-
Title III F	<u>223</u>	<u>223</u>	<u>-</u>
Totals	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Schedule of Priority Services -  
Title III, Part B - Grant for Supportive Services

For the year ended June 30, 1999

			<u>% of GOEA Grant</u>
Access (30%):	Indirect	\$ 29,445	
	Case Management	961	
	Transportation	29,446	
	Information & assistance	3,777	
	Outreach	<u>3,777</u>	
	Total Access Expense	67,406	160.21%
In-Home (15%):	Homemaker	23,798	
	Recreation	<u>429</u>	
	Total In-Home Expense	24,227	57.58%
Legal (5%):	Legal Assistance	<u>2,475</u>	5.88%
Total Title IIIB - Supportive services expenditures		94,108	
Less: Other Public Support		(11,470)	
Transfers of Contract Allotments		(33,140)	
State Funds		<u>(7,425)</u>	
Original grant award net of additional public support, state funds, and transfers of contract allotments		<u>\$42,073</u>	

The accompanying notes are an integral part of this statement.



ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Comparative Schedule of General Fixed Assets  
and Changes in General Fixed Assets

For the year ended June 30, 1999

	<u>Balances 7/1/98</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balances 6/30/99</u>
General fixed assets:				
Vehicles	\$ 53,501	\$22,265	\$ (5,157)	\$ 70,609
Furniture & Equipment	<u>25,208</u>	<u>-</u>	<u>79</u>	<u>25,287</u>
	<u>\$ 78,709</u>	<u>\$22,265</u>	<u>\$ (5,078)</u>	<u>\$ 95,896</u>
Investment in general fixed assets:				
Property acquired with funds from:				
Title III C1	\$ 1,208	\$ -	\$ -	\$ 1,208
Title III G	149	-	-	149
State Funds	880	-	(880)	-
Donated Funds	191	-	(191)	-
Local Funds (general fund)	<u>76,281</u>	<u>22,265</u>	<u>(4,007)</u>	<u>94,539</u>
Total investment in general fixed assets	<u>\$ 78,709</u>	<u>\$ 22,265</u>	<u>\$ (5,078)</u>	<u>\$ 95,896</u>

The accompanying notes are an integral part of this statement.

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1999

Federal Grantor/Pass-Through Grantors/ Program Title	Federal CFDA Number	Grant Year Ended	Program or Award Amount	Revenue Recognized	Expenditures
<u>U.S. Department of Health &amp; Human Services - Administration on Aging</u>					
Passed Through the Governor's Office of Elderly Affairs:					
Special Programs for the Aging:					
Title III, Part B - Grant for Supportive Services and Senior Centers	93.044	6/30/99	<u>\$ 42,073</u>	<u>\$ 42,073</u>	<u>\$ 42,073</u>
Title III, Part C - Area Agency Administration	93.045	6/30/99	12,259	12,259	12,259
Title III, Part C-1 - Nutrition Services - Congregate Meals	93.045	6/30/99	42,158	42,158	42,158
Title III, Part C-2 - Nutrition Services - Home Delivered Meals	93.045	6/30/99	<u>22,088</u>	<u>22,088</u>	<u>22,088</u>
Subtotal CFDA # 93.045			<u>76,505</u>	<u>76,505</u>	<u>76,505</u>
Title III, Part D - In-Home Services for Frail Older Individuals	93.046	6/30/99	<u>1,546</u>	<u>1,546</u>	<u>1,546</u>
Title III, Part F - Disease Prevention and Health Promotion Services	93.043	6/30/99	<u>2,464</u>	<u>2,464</u>	<u>2,464</u>
Total for U.S. Department of Health and Human Services - Administration on Aging			<u>122,588</u>	<u>122,588</u>	<u>122,588</u>
<u>U.S. Department of Agriculture</u>					
Passed Through the Governor's Office of Elderly Affairs:					
Nutrition Program for the Elderly	10.570	6/30/99	<u>21,835</u>	<u>21,835</u>	<u>21,835</u>
Total Federal Grants			<u>\$144,423</u>	<u>\$144,423</u>	<u>\$144,423</u>

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Year 2000 Issue

For the Year Ended June 30, 1998

The Allen Council on Aging, Inc. is preparing for the millennium change as it relates to the technology used by the organization. The Council is aware of the fact that date sensitive functions in computer hardware/software and in imbedded systems may fail to accurately process dates before, during and after the Year 2000. The Council will manage the transition into the Year 2000 with the goal to avoid any disruption of services before, during and after the Year 2000.

The Allen Council on Aging, Inc. acquires known technology for its information business systems, rather than developing its own technology. The Council will contact suppliers of their critical business systems to determine Year 2000 compliancy. Critical systems include financial accounting and other desktop systems.

Prior to Year 2000, the Council anticipates replacing, repairing or retiring non-compliant systems.

To date, the Allen Council on Aging, Inc. has not spent any funds on the Year 2000 project. The Council does not anticipate that the costs will have a material impact on financial or operating results. However, due to factors over which the Council has no control which may affect its readiness efforts, it remains uncertain as to what extent, if any, it may be affected.

In addition, I do not provide assurance that the Allen Council on Aging, Inc. is or will become Year 2000 compliant, that the Allen Council on Aging Inc. Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Allen Council on Aging, Inc. does business are or will become Year 2000 compliant.

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Management's Corrective Action Plan

For the Year Ended June 30, 1999

<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
None	
<b>SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL FEDERAL AWARDS</b>	
None	
<b>SECTION III - MANAGEMENT LETTER</b>	
1999.1 - Cash Management	Due to significantly higher cash flows at certain times during the year, the Council's deposits increased; as a result, the amounts of uncollateralized deposits at those times were substantially higher. The Council will monitor cash balances more closely. On December 16, 1999, the Board voted to open another bank account for the excess funds.

ALLEN COUNCIL ON AGING, INC.  
Oakdale, Louisiana

Schedule of Prior Year Findings

For the Year Ended June 30, 1999

<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
There were no prior year findings relating to internal control and compliance material to the financial statements.	
<b>SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL FEDERAL AWARDS</b>	
There were no prior year findings relating to internal control and compliance material to federal awards.	
<b>SECTION III - MANAGEMENT LETTER</b>	
1998.1 - Bank balance exceeded FDIC limit	Unresolved - See Finding 1999.1

**TOM MILHOAN**  
Certified Public Accountant

Member:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

109 North Eleventh Street  
Oakdale, Louisiana 71463  
(318)335-0495

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

To the Board of Directors  
Allen Council on Aging, Inc.  
Oakdale, Louisiana

I have audited the general purpose financial statements of Allen Council on Aging, Inc. (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued my report thereon dated December 9, 1999. I conducted my audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Allen Council on Aging, Inc.'s general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Allen Council on Aging, Inc., in a separate letter dated December 9, 1999.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Allen Council on Aging, Inc. internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Governor's Office of Elderly Affairs, and the Legislative Auditor, and is not intended and should not be used by anyone other than these specified parties.



Oakdale, Louisiana  
December 9, 1999



**TOM MILHOAN**  
Certified Public Accountant

Member:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

109 North Eleventh Street  
Oakdale, Louisiana 71463  
(318)335-0495

MANAGEMENT LETTER

Board of Directors  
Allen Council on Aging, Inc.  
Oakdale, Louisiana

I have audited the financial statements of Allen Council on Aging, Inc., as of and for the year ended June 30, 1999, and have issued my report thereon dated December 9, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of my examination, I have issued my report on the financial statements dated December 9, 1999, and my report on internal control and compliance with laws, regulations, and contracts, dated December 9, 1999.

During the course of my examination, I became aware of the following matter which represents an immaterial deviation of compliance or suggestions for improved internal control.

*Suggestion 1999.1 - During the year ended June 30, 1999, the operating bank balance exceeded the insured FDIC limit of \$100,000 several times. State law requires that bank deposits are fully insured or secured by collateral. Should the bank fail, amounts in excess of FDIC coverage would be subject to loss. The cause of the condition is that cash balances were not properly monitored. My recommendation is that cash balances should be monitored to insure they do not exceed FDIC limits.*

I recommend management address the foregoing issues as an improvement to operations and the administration of public programs. I am available to further explain the suggestions or help implement the recommendation.



Oakdale, Louisiana  
December 9, 1999