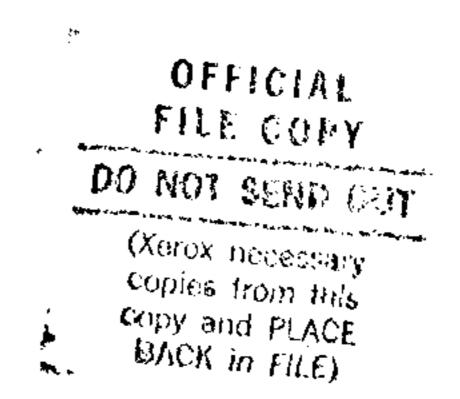


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DESOTO COUNCIL ON AGING, INC.

MANSFIELD, LOUISIANA



FINANCIAL STATEMENTS

June 30, 1999

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Release Date 1-19-00

Marsha O. Millican Certified Public Accountant Shreveport, Louisiana

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors DeSoto Council on Aging, Inc. Mansfield, Louisiana

I have audited the accompanying general purpose financial statements of DeSoto Council on Aging, Inc., as of and for the year ended June 30, 1999. These general purpose financial statements are the responsibility of DeSoto Council on Aging, Inc., management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, and <u>Government Auditing Standards</u>, 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of DeSoto 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.

In accordance with <u>Government Auditing Standards</u>, I have also issued a report dated September 20, 1999 on my consideration of DeSoto Council on Aging, Inc.'s internal control structure and a report dated September 20, 1999 on its compliance with laws and regulations.

754 DALZELL • SHREVEPORT, LOUISIANA 71104 • (318) 221-3881

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

Marsha D. Millichi

Certified Public Accountant September 20, 1999

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Exhibit A

DESOTO COUNCIL ON AGING, INC.

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Combined Balance Sheet - All Fund Types and Account Group June 30, 1999

	Governmental <u>Fund Types</u> Special <u>General Revenue</u>		<u>Account Group</u> General <u>Fixed Assets</u>	9 Totals (Memorandum <u>Only</u>)	
<u>ASSETS</u>					
Cash and cash equivalents Contracts receivable Due from other funds Prepaid expenses General fixed assets	\$ 86,726 30,987 	\$ 1,539 5,969 18,212 2,642	\$ - - - - - - - - - - - - - - - - - - -	\$ 88,265 36,956 18,212 2,642 <u>367,247</u>	

Total assets

- _ . . .

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- . ..

<u>\$117,713</u> <u>\$ 28,362</u> <u>\$</u>____ <u>367,247 \$ 513,322</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:				
Accounts payable Notes payable	Ş –	\$ 21,218	\$	\$ 21,218
Due to other funds	95,950			95,950
Due co ocher runus	18,212	==- 		18,212
Total liabilities	<u>114,162</u>	21,218		<u> </u>
FUND EQUITY:				
Investments in general				
fixed assets	-	~	367,247	367,247
Fund balance:			5011241	307,247
Reserved for utility				
assistance	-	5,605	Ser.	5,605
Reserved for FEMA		1,539		1,539
Unreserved -	0 5 54			
undesignated	<u>3,551</u>	•⊷ ■	•	3,551
Total fund equity	3,551	7,144	367,247	377 040
				377,942
Total liabilities				
and fund equity	<u>\$117,713</u>	<u>\$ 28,362</u>	<u>\$ 367,247</u>	<u>\$ </u>



3

The accompanying notes are an integral part of this statement.

Exhibit B

DESOTO COUNCIL ON AGING, INC.

. _ _ _ _ _ _ _ _ _ _ _ .

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -All Governmental Fund Types For the Year Ended June 30, 1999

		<u>iou pune p</u>				Totals
	A		Special Devenue		(Memorandum	
1212171721717207		<u>eneral</u>	<u></u> R	evenue	<u>,</u>	<u>Only</u>)
REVENUES:	~	160 020	6	442 145	ć	600 075
Intergovernmental	\$	160,830	\$	443,145	\$	603,975
Public support		19,840		36,870		56,710
Miscellaneous	••	<u>29,778</u>				<u>29,778</u>
Total revenues		210,448	<u></u>	480,015		690,463
EXPENDITURES:						
Salaries		103,646		192,356		296,002
Fringe		•		•		•
-		9,690		17,847		27,537
Travel Onemating conviges		1,325		15,558		16,883
Operating services		9,646		87,148		96,794
Operating supplies		1,714		25,551		27,265
Other costs		7,576		13,934		21,510
Meals Comitel outles		100 507		131,978		131,978
Capital outlay		130,527		27,245		157,772
Utility assistance	•		-	959	<u></u>	959
Total expenditures	•	264,124	-	512,576		776,700
Excess (deficiency) of						
revenues over						
expenditures	1	53,676)	(32 561)	,	06 2271
expendicuies	(55,0707	(32,561)	(86,237)
OTHER FINANCING SOURCES (USES):						
Operating transfers in		77,359		128,101		205,460
Operating transfers out	(<u>113,185</u>)	_(92,275)	(205,460)
Excess (deficiency) of						
revenues and other sources						
over expenditures and other	r,					
uses	(89,502)		3,265	(86,237)
FUND BALANCE:						
Beginning of year		93,053		3,879		96,932
	<u>د</u>		_	<u>~_</u>		
End of year	<u>\$</u>	<u>3,551</u>	<u>\$</u>	7,144	<u>\$</u>	<u>10,695</u>

The accompanying notes are an integral part of this statement.

Exhibit C

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DESOTO COUNCIL ON AGING, INC.

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Statement of Revenues, Expenditures and Changes in Fund Balance -Budget (GAAP Basis) and Actual - General Fund For the Year Ended June 30, 1999

<u>REVENUES</u> :	Variance Favorable (<u>Unfavorable</u>)	<u>Budget</u>	<u>Actual</u>
Intergovernmental	\$(56,215)	\$ 217,045	\$ 160,830
Public support	10,540	<i>\$</i> 217,045 9,300	19,840
Miscellaneous	•	9,300	<u> </u>
MISCEITANEOUS	<u> </u>	•	<u> </u>
Total revenues	<u>(15,897</u>)	226,345	<u> 210,448</u>
EXPENDITURES:			
Salaries	(12,540)	91,106	103,646
Fringe	(2,976)	6,714	9,690
Travel	2,600	3,925	1,325
Operating services	4,351	13,997	9,646
Operating supplies	2,699	4,413	1,714
Other costs	(7,306)	•	7,576
Capital outlay	20,128	150,655	<u>130,527</u>
Total expenditures	<u>6,956</u>	<u> 271,080</u>	<u> 264,124</u>
Excess (deficiency) of revenues over expenditures	(8,941)	(44,735)	(53,676)
\mathbf{A}	0720).		
<u>OTHER FINANCING SOURCES (US</u> Operating transfers in		17 404	77 250
Operating transfers out	59,935 (<u>47,443</u>)	17,424 (<u>65,742</u>)	77,359 <u>(113,185</u>)
operating chamsters out	<u> </u>	<u> </u>	-(-1)
Excess of revenues and other sources over expenditures and other uses	3,551	(93,053)	(89,502)
FUND BALANCE:			
Beginning of year		93,053	93,053
End of year	<u>\$3,551</u>	<u>\$</u>	<u>\$3,551</u>

The accompanying notes are an integral part of this statement.

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Exhibit D

DESOTO COUNCIL ON AGING, INC.

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -Budget (GAAP Basis) and Actual - Special Revenue Funds For the Year Ended June 30, 1999

	Far	ariance vorable <u>avorable</u>)	<u> </u>	udget	<u> </u>	<u>ctual</u>
<u>REVENUES</u> : Intergovernmental Public support	\$	10,804 13,037	\$	432,341 23,833	\$	443,145 36,870
Program service fees		-		_		
Miscellaneous Total revenues	<u></u>	23,841	<u></u>	456,174		480,015
IUCAI LEVENUES	· · · · ·		~ ~ _			
EXPENDITURES:						
Salaríes		32,561		224,917		192,356
Fringe		766		18,613		17,847
Travel	(590)		14,968		15,558
Operating service	(13,909)		73,239		87,148
Operating supplies		4,097		29,648		25,551
Other costs	(1,239)		12,695		13,934
Meals	(6,566)		125,412		131,978
Capital outlay	(22,245)		5,000		27,245
Utility assistance		959)			<u>_</u>	959
Total expenditures	(<u>8,084</u>)	<u></u>	504,492	<u>_</u>	512,576
Excess (deficiency) of revenues over expenditures		15,757	(48,318)	(32,561)
<u>OTHER FINANCING SOURCES (USES</u> Operating transfers in Operating transfers out	<u>3):</u> (17,736) <u>5,244</u>	(145,837 97,519)	(128,101 <u>92,275</u>)
Excess of revenues and other sources over expenditures and other uses		3,265		_		3,265
FUND BALANCE:						
Beginning of year				3,879		3,879
End of year	<u>\$</u>	<u>3,265</u>	<u>\$</u>	<u>3,879</u>	<u>\$</u>	7,144

The accompanying notes are an integral part of this statement.

Notes to Financial Statements June 30, 1999

- 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 - A. Statement of Presentation

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

B. 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 DeSoto Council on Aging, Inc. is a non-profit corporation which must comply with the policies and regulations established by the Governor's Office of Elderly Affairs, the state agency which provides the Council with most of its revenues. The Council also receives revenues from other federal, state, and local government agencies which may impose certain restrictions upon how the Council can use the money that they have provided.

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

The primary function of the DeSoto Council on Aging, Inc. is to improve the quality of life for the parish's 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 17 voluntary members who serve three-year terms, governs the Council.

(Continued)

Notes to Financial Statements June 30, 1999

- 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
 - C. Fund Accounting:

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

Governmental Fund Types

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

<u>Local</u>

Local funds are received from various local sources; such

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funds not being restricted to any special use.

Notes to Financial Statements June 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

Local (Continued)

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

PCOA (Act 735)

PCOA (Act 735) funds are appropriated for the Governor's Office of Elderly Affairs by the Louisiana Legislature for remittance to the Council on Aging. The Council may use these "Act 735" funds at its discretion.

<u>Medicaid</u>

This is a program where the Council completes enrollment application for people wanting to apply for Medicaid services. The Council is paid \$14 per application it completes by the Department of Health and Hospitals. Any funds remaining after applying direct costs to operate the 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.

Project Independence

This program provides transportation to eligible participants through the Department of Social Services for educational purposes.

Local Transportation

The Council also provides transportation services to local agencies for a fee. Theses program service fees and their related costs are accounted for within the "local transportation" program of the General Fund.

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Notes to Financial Statements June 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Governmental Fund Types</u> (Continued)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following are the funds which comprise the Council's Special Revenue Funds:

Section 18

Section 18 funds are provided by the United States Department of Transportation through the Louisiana Department of Transportation and Development. Funds received by the Council are based on actual operating costs of providing transportation services to rural residents with the DeSoto Council on Aging, Inc. The transportation portion of in-kind contributions is an allowed cost for purposes of requesting reimbursement under this program. Because money received under this program is for reimbursement of costs previously incurred, the Council can use these funds for discretionary purposes.

<u>Title III-C Area Agency Administration Fund</u>

The Title III-C Area Agency Administration Fund is used to account for some of the administrative costs assosicated with operating the special programs for the aging.

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.

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Notes to Financial Statements June 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

<u>Title III C-1 Congregate Meals Fund</u>

Title III C-1 funds are provided by the United States Department of Health and Human Services to the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. These funds are used to provide nutritional congregate meals to the elderly in strategically located centers.

<u>Title III C-2 Home Delivered Meals Fund</u>

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. These funds are used to provide nutritional meals to home-bound older persons.

U.S.D.A. Fund

The U.S.D.A. Fund is used to account for the administration of the Food Distribution Program fund provided by the United States Department of Agriculture through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This program reimburses the service provider on a per unit basis 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.

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 disorders with neurological and organic brain dysfunction, and to the families of such victims. Title III-D funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

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Notes to Financial Statements June 30, 1999

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 1.

<u>Governmental Fund Types</u> (Continued)

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 remit the funds to the Louisiana Association of Councils on Aging (LACOA) which in turn remits funds relating to DeSoto Council on Aging, Inc. to the Council so that it can provide assistance to the elderly for the payment of their utility bills.

Audit Fund

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

<u>Title III, Part F</u>

The III, Part F fund is used to account for funds which are used for disease prevention and health promotion activities.

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging through the state to be used to supplement the primary state grant for senior centers. DeSoto Council on Aging, Inc. was one of the parish councils to receive a supplemental grant. These funds are "passed through" the Governor's Office of Elderly Affairs.

Account Group: D.

> 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 account group is not a "fund".

> > (Continued)

Notes to Financial Statements <u>June 30, 1999</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 1.

General Fixed Assets

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

Basis of Accounting: Ε.

> Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. All grant revenue is considered susceptible to accrual. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Transfers: F.

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

Budget Policy: G.

> 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 budget is prepared on a basis consistent with generally accepted accounting principles. (Continued)

Notes to Financial Statements June 30, 1999

- 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
 - G. Budget Policies: (Continued)

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

The adopted budget is forwarded to GOEA for final approval.

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

The Council may transfer funds between line items as often as required but must obtain prior approval from the grantor agency for funds received from that agency.

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

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

H. Compensated Absence:

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

I. Fixed Assets:

Assets which cost at least \$250 and which have an estimated useful life of greater that 1 year are capitalized as fixed assets. All fixed assets are stated at historical cost ore 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.

(Continued)

Notes to Financial Statements June 30, 1999

- 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
 - J. Reservation of Fund Balances:

The Council "reserves" portions of its fund balance that that are legally restricted and are available only to meet future obligations.

K. Cash and Cash Equivalents:

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

L. Investments:

Investments consist of certificates of deposit which are stated at cost, which approximates market.

M. 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 generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

N. Management's Use of Estimates:

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

2. REVENUE RECOGNITION

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. 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.

Notes to Financial Statements June 30, 1999

2. REVENUE RECOGNITION (Continued)

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.

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. 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.

3. BOARD OF DIRECTORS COMPENSATION

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

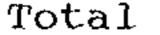
4. IN-KIND CONTRIBUTIONS

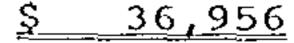
The Council received various in-kind contributions during the year. In-kind contributions consisted primarily of the time donated by volunteer workers at senior centers and meal sites. Although these contributions have not been reported as revenues, no offsetting expenses have been incurred thereby producing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

5. CONTRACTS RECEIVABLE

Contracts receivable at June 30, 1999, are as follows:

USDA	\$ 3,204
Project Independence (Local)	18,000
Title III- C Administration	2,021
Local Transportation	4,443
Personal Care Attendant	8,446
Miscellaneous	842





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All contracts receivable are fully collectible at June 30, 1999.



Notes to Financial Statements June 30, 1999

CHANGES IN FIXED ASSETS 6.

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

	Balance July 1, <u>1998</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>1999</u>
Buildings and Land Vehicles	•	\$ 125,805 23,789	\$ -	\$172,516 145,606
Furniture and Equipment Totals	<u>40,947</u> <u>\$209,475</u>	<u>8,178</u> <u>\$ 157,772</u>	- \$ -	<u>49,125</u> \$367,247

DEPOSITS WITH FINANCIAL INSTITUTIONS 7.

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.

At June 30, 1999, the carrying amount of the Council's deposits were \$88,265, and the bank's balance was \$124,396. The difference is due to outstanding checks at June 30. All funds on deposits were insured by federal depository insurance.

INCOME TAX STATUS 8.

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

ECONOMIC DEPENDENCY 9.

> 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.

(Continued)

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Notes to Financial Statements June 30, 1999

INTERFUND TRANSFERS 10.

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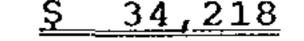
Operating transfers in and out are listed by fund for the year ended June 30, 1999: Operating Operating

	Operating Transfers	Operating Transfers
		Out
	$\frac{\ln}{27.250}$	
General Fund	<u>\$77,359</u>	<u>\$ 113,185</u>
Special Revenue Funds:		
Audit	1,950	
Title III C-1	26,857	-
Title III C-2	47,784	
Title III C Administration	1,698	—
Title III B Supportive Services	47,048	-
Title III D In Home Services		—
Title III F	792	—
Ombudsman	32	-
Section 18	1,208	
Senior Center	· _	23,557
USDA	_	34,218
Miscellaneous Grant	_	34,500
Total - Special Revenue Funds	128,101	92,275
Total - All Funds	\$ 205,460	\$ 205,460

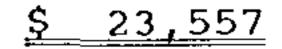
Operating transfers out by fund are as follows:

<u>General Fund</u>	
Title III C-1	\$ 12,143
Title III C-2	17,271
Title III D	732
Title III C Administration	1,698
Title III F	792
Ombudsman	32
Audit	1,950
Section 18	1,208
Medicaid Fund	2,623
Project Independence	43,008
Other Local	31,728
Total transfers out - General Fund	\$ 113,185
USDA	
	6 14 71A
Title III C-1	\$ 14,714
Title III C-2	19,504
Total transfers out - USDA	\$ 34,218
	<u> </u>





<u>SENIOR CENTER</u> - Transfer to Title IIIB



18

(Continued)

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Notes to Financial Statements June 30, 1999

10. INTERFUND TRANSFERS (Continued)

<u>Miscellaneous Grant</u> Title III B Supportive Services \$ 23,491 Title C-2 <u>11,009</u>

Total transfers out - Miscellaneous Grant <u>\$ 34,500</u>

11. DUE TO/FROM OTHER FUNDS

Due to/from other funds at June 30, 1999, consisted of the following:

Due From Due to

	<u>Other Funds</u>	<u>Other Funds</u>
General Fund	\$ -	\$ 18,212
Special Revenue Funds	<u>18,212</u>	<u> </u>
Total - All Funds	<u>\$ 18,212</u>	<u>\$ 18,212</u>

12. 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.

13. NOTE PAYABLE

Note payable represents a note payable to Progressive National Bank dated February 2, 1999; original amount-\$100,000; payable in 78 monthly installments of 1,214; bearing interest at 8%; collateralized by land and building. Maturities including interest of \$ 43,012 are as follows: 2000 - 14,568; 2001 - 14,568; 2002- 14,568; 2003 - 14,568; 2004 - 14,568; 2005 and after - 66,122.

14. YEAR 2000 ISSUES

Subsequent to June 30, 1999, the Council entered into a contact to upgrade all internal accounting systems to be Year 2000 compliant by December 31, 1999. The contract price for this upgrade is \$1,779. The Council also spent \$1,782 during the year ended June 30, 1999 to purchase software to become Year 2000 Compliant.

<u>Schedule 1</u>

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DESOTO COUNCIL ON AGING, INC.

Combining Statement of Program Revenues, Expenditures and Changes in Fund Balances -General Fund For the Year Ended June 30, 1999

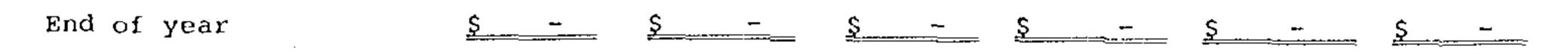
	Other Local	Project <u>Independenc</u>	<u>e Medicaid</u>	PCOA	Local Transp.	<u>Totals</u>
REVENUES						
Intergovernmental:						
Governor's Office of Elderly Affairs	¢ _	c	Ć.	c 01 330	<u>^</u>	A 01 550
Urban Affairs	× 11,875	\$ - _	₽ ~ ~	\$ 21,779	\$ - _	\$ 21,779
Program Service Fees:	11,075		-	-	-	11,875
Louisiana Department of:						
Transportation and						
Development	_	***	~	-	34,483	34,483
Health and Hospitals	-	-	38,693	-	-	38,693
Social Services		54,000	*	_	-	54,000
Public Support:	10 040					
Unrestricted	19,840	-	~	_	-	19,840
Miscellaneous	29,778		••	•	<u> </u>	<u> 29,778</u>
Total revenues	<u>61,493</u>	54,000	38,693	21,779	<u>34,483</u>	210,448
EXPENDITURES						
Salaries	10,626	5,954	29,410		57,656	103,646
Fringe	958	850	2,761	_	5,121	9,690
Travel	_	e-	1,259	_	66	1,325
Operating services	1,748	3,410	1,895		2,593	9,646
Operating supplies	174	532	457	-	551	1,714
Other costs	6,919	246	197	-	214	7,576
Capital outlay	130,436	<u> </u>	91		— ,,	130,527
Total expenditures	150,861	10,992	36,070		66,201	264,124
Excess (deficiency) of revenues over						
expenditures	(89,368)	43,008	2,623	21,779	(31,718)	(53,676)
OTHER FINANCING SOURCES (U						
Operating transfers in Operating transfers out	45,641	(43,008)	(2,623)	-	31,718	77,359
operating transfers out	1 43/113/	1 43,000)	(2,623)	<u>(21,779</u>)	<u> </u>	<u>(113,185</u>)
Excess (deficiency) of revenues and other sources over						
expenditures and other uses	(89,502)	_	_			(00 500)
	(_		(89,502)
FUND BALANCES						
Beginning of year	93,053		ب	 		93,053
End of year	<u>\$ 3,551</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,551</u>

	 -*	*	
			<u>Y</u>

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Combining Statement of Program Revenues, Expenditures and Changes in Fund Balances -Special Revenue Funds For the Year Ended June 30, 1999

~	Title	<u>= III-B</u>	<u></u>			
	Ombudaman	Supportive Services		<u> </u>	C2	Title <u>III D</u>
REVENUES						
Intergovernmental:						
Governor's Office of	¢ 4 053	¢ 100 667	6 00 000	C 60 100	C 40 317	c 0.000
Elderly Affairs State of Louisiana	\$ 4,053	\$ 108,657	\$ 20,028	\$ 69,190	\$ 48,317	\$ 2,229
Department of Transportation	_		_	_		_
Federal Emergency	_	-	_		-	-
Management Agency	-			_	_	_
Public Support	-			_		_
Restricted:						
General Public vi						
Utility Company	L					
Programs	-		-	_	_	_
Client Contributions	_	4,671	_		11,071	266
Offene concretence	<u> </u>					200
Total revenues	4,053	113,328	20,028	81,164	59,388	2,495
				- <u> </u>		
EXPENDITURES						
Salaries	3,369	100,719	10,301	31,930	26,147	1,940
Fringe	29	8,685	1,470	3,039	2,504	170
Travel	529	5,286	1,127	908	4,301	1,004
Operating services	129	31,577	6,746	4,418	2,050	94
Operating supplies	14	10,579	1,198	1,108	2,156	11
Meals	_	•-		65,989	65,989	
Other costs	10	3,376	502	485	3,913	8
Utility assistance			-	-	⊷	
Capital outlay	5	154	382	144	112	<u> </u>
Total expenditures	4,085	<u>160,376</u>	21,726	108,021	<u>107,172</u>	3,227
Excess (deficiency) of revenues over						
expenditures	(32)	(47,048)	(1.698)	(26,857)	(47 784)	(732)
Chponaloutob	(52)	(,,	(1,000)	(20,057)	(47,704)	(/52)
OTHER FINANCING SOURCES ()	I <u>SES</u>)					
Operating transfers in	32	47,048	1,698	26,857	47,784	732
Operating transfers out			·	÷	_	
- 2		- <u>-</u>	<u> </u>	<u> </u>		-
Excess (deficiency) of	<u>-</u>					
revenues and other						
sources over						
expenditures and						
other uses		-	-		-	—
FUND BALANCES						
Beginning of year	-	_	•			
postuntud or lear		<u></u>				



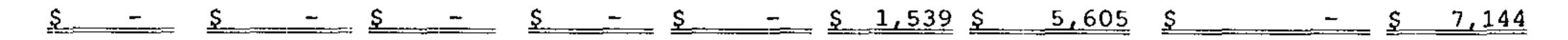
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<u>Schedule 2</u>

71

	Title <u>IIIF</u>	Senior <u>Center</u>	USDA	<u>Audit</u>	Supple. Senior Center	FEMA	Utility Assistance <u>Fund</u>	<u>Section 18</u>	<u>Total</u>
\$	3,552 \$	25,475 \$	34,218	\$ 1,850 \$	34,500 \$	\$ -	\$ -	\$ -	\$ 352,069
	_	-	-	_		_	-	86,5	86,509
		_	-			4,567	_		- 4,567
						. .			
	•- •-					-	5,641	3,2	5/041
	3,552	25,475	34,218	1,850	34,500	4,567	5,641	89,7	<u>480,015</u>
	147 22	-	-		B v+ - =+			17,8 1,9	28 17,847
	143 95	425 669	_	-	 	- 5,984	-	1,8 35,3	86 87,148
	12	576 	-	-	 		- -	9,8	
	1,303	211	_	3,800	-	←	-		13,934
	2,622	- 37	-				959 	23,7	959 <u>959 27,245</u>
	4,344	1,918		3,800		5,984	959	90,9	
(792)	23,557	34,218	(1,950)	34,500	(1,417)	4,682	(1,2	208) (32,561)
 -	792 	_ (<u>23,557)(</u>	_ <u>34,218</u>)	1,950 (<u>34,500)</u>	► ►	ن ہ ہے۔ 	1,2	08 128,101 (<u>92,275</u>)
	F	-	-	(1,417)	4,682		- 3,	,265	
s	<u> </u>	<u> </u>	<u></u>			2,956	923		3,879

_ _ _ _ _ _ _ _ _ _ _ _ _



Schedule 3

DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -General and Special Revenue Funds For the Year Ended June 30, 1999

Variance -Favorable

					Favorable	
		Budget		<u>Actual</u>	<u>(Unf</u>	<u>avorable</u>)
LOCAL:						
Salaries	\$	91,106	\$	103,646	\$(12,540)
Fringe		6,714		9,690	(2,976)
Meals		~				-
Travel		3,925		1,325		2,600
Operating services		13,997		9,646		4,351
Operating supplies		4,413		1,714		2,699
Other costs		270		7,576	(7,306)
Capital outlay		150,655		130,527	·	20,128
Transfers to other funds:		·				·
Title III C-1		369		11,283	(10,914)
Title III C-2		11,400		- -	•	11,400
Title III D		11,049		732		10,317
Title III F		119		792	(673)
Ombudsman		67		32	``	35
Section 18		-		1,208	(1,208)
Audit		_	·		``	
Title III C Administrat	ion	224		<u> </u>		224
Medicaid Fund				2,623	(2,623)
Project Independence		2,436		43,008	(40,572)
Other Local		4		31,728	ì	31,724)
Title III B		-		527720	(52,7027
Supportive Services		18,295		-		18,295
			*			
Totals	Ś	315,043	Ś	355,530	\$(40,487)
	3		<u></u>		7.1	<u> </u>
SECTION 18:						
Salaries	\$	29,684	\$	17,803	\$	11,881
Fringe	4	2,495	Ŷ	1,928	Ŷ	567
Meals		-				- 507
Travel		875		1,835	1	960)
Operating services		26,133		35,386		•
Operating supplies		7,527		9,897	ļ	9,253)
Other costs		50		326		2,370)
		- 50			ļ	276)
Capital outlay	·		<u></u>	23,789		23,789)
Totals	ŝ	66,764	S	90,964	\$(24,200)
	<u> 7</u>	<u> </u>	<u>, Y</u>		71	<u> </u>
<u>PCOA (ACT 735)</u> :						
Salaries	\$	-	\$		\$	
Fringe	•	_	•	←	•	
Meals		—				-

Travel

Operating services Operating supplies Transfers to other funds:



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DESOTO COUNCIL ON AGING, INC.

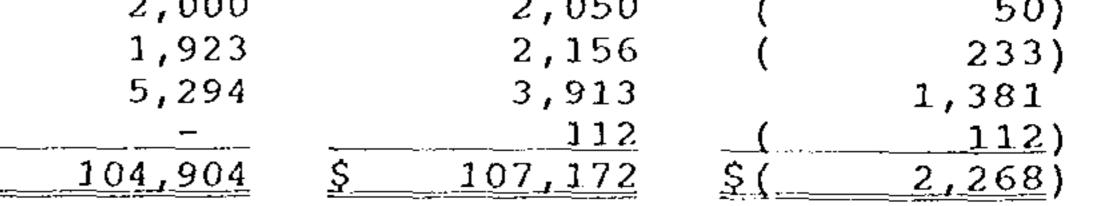
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Schedule of	Expenditures - Budget (GAAP Basis) and Actual -
	General and Special Revenue Funds
	For the Year Ended June 30, 1999

Variance -Favorable

Budget Actual (Unfavorable) PCOA (ACT 735): (Continued) 5 3,507 \$ 1,698 \$ 1,809 Title III AAA \$ 3,507 \$ 1,698 \$ 1,809 Title III C-1 - 860 (860) Title III C-2 16,322 17,271 (949) Audit 1,950 - - -			D				vorable
Title III AAA \$ 3,507 \$ 1,698 \$ 1,809 Title III C-1 - 860 (860) Title III C-2 16,322 17,271 (949) Audit 1,950 1,950 - -	\mathbf{D}		<u>suaget</u>	<u> </u>	ctual	<u>(Unra</u>	ivorable)
Title III C-1 - 860 (860) Title III C-2 16,322 17,271 (949) Audit 1,950 - -		-	0 6 0 7	~	1 (00)	<u>~</u>	1 0 0 0
Title III C-2 $16,322$ $17,271$ (949)Audit $1,950$ $-$		Ş	3,507	Ş	•	٦ ٦	-
Audit <u>1,950</u> <u>1,950</u> <u>-</u>			-			(•
	_		-		•	(949)
						- <u></u>	
Totals <u>\$ 21,779</u> <u>\$ 21,779</u> <u>\$ -</u>	Totals	<u>\$</u>	21,779	<u>\$</u>	21,779	<u>ş</u>	
<u>Title III C-1</u> :	Title III C-1:						
Salaries 33,210 31,930 1,280			33,210		31,930		1,280
Fringe 2,847 3,039 (192)	Fringe		-		3,039	(•
Meals:			·		•	•	•
Raw food 31,353 33,341 (1,988)	Raw food		31,353		33,341	(1,988)
Non-edibles 31,353 32,648 (1,295)	Non-edibles		31,353		•	Ì	• •
Travel 1,159 908 251	Travel		1,159		908	•	· ·
Operating services 4,328 4,418 (90)	Operating services		4,328		4,418	(90)
Operating supplies 1,186 1,108 78	+ -		1,186		1,108	•	78
Other costs 1,017 485 532			1,017		•		532
Capital outlay	Capital outlay		_	. . .	144	- (144)
Totals <u>\$ 106,453</u> <u>\$ 108,021</u> <u>\$(1,568</u>)	Totals	<u>\$</u>	106,453	<u>\$</u>	108,021	<u>\$ (</u>	
SENIOR CENTER:	SENIOR CENTER:						
Salaries \$ - \$ - \$ -		\$		\$	-	\$	-
Fringe – – –	Fringe	•		•		•	
Meals	5		_				
Travel 425 (26)	Travel		399		425	(26)
Operating services 1,473 669 804			1,473			v	•
Operating supplies 221 576 (355)			•			(
Other costs 291 211 80	F					``	•
Capital outlay - 37 (37)	Capital outlay		_			(
Transfers to other funds:		nds:				,	
Title III B <u>23,091</u> <u>23,557</u> (<u>466</u>)	Title III B		23,091		23,557	(466)
Totals <u>\$ 25,475</u> <u>\$ 25,475</u> <u>\$ -</u>		<u>\$</u>		\$		\$	/
$Title_{III} C-2:$	Title III C-2:						
Salaries \$ 25,944 \$ 26,147 \$(203)		Ś	25,944	Ś	26.147	\$(2031
Fringe 2,237 2,504 (267)		Ŷ	•	¥	•	Ψ ((•
Meals:	5		61601		21004	`	207)
Raw food 31,353 33,341 (1,988)			31.353		33 341	(1 9881
Non-edibles 31,353 32,648 (1,295)	_		Ŧ		•		• •
Travel $4,800$ $4,301$ $(1,295)$			•		•	١	•
Operating services 2,000 2,050 (50)			•		•	1	

Operating services Operating supplies Other costs Capital outlay Totals



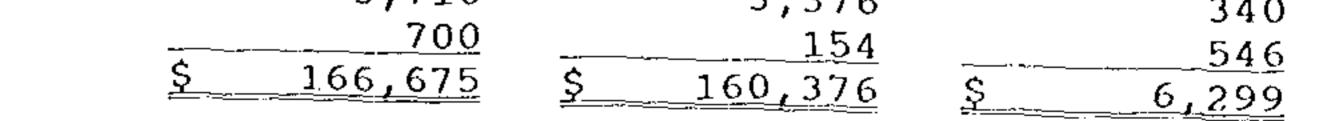
DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -General and Special Revenue Funds For the Year Ended June 30, 1999

Variance -

		Budget	t <u>Expenditures</u>		Favorable <u>(Unfavorable</u>)	
<u>IN-HOME SERVICES</u> : Salaries Fringe Travel Operating services Operating supplies Other costs Capital outlay	\$	11,374 956 1,083 146 25 14	\$	1,940 170 1,004 94 11 8	<u>, on</u>	9,434 786 79 52 14 6
Totals	<u>\$</u>	13,598	\$	3,227	\$	10,371

OMBUDSMAN:						
Salaries	\$	4,000	\$	2 200	•	
Fringe	Ť	213	Ş	3,369	\$	631
Travel		300		29	,	184
Operating services		200		529	(229)
Operating supplies		200 78		129		71
Other costs		-		14		64
Capital outlay		19		10		9
Totals	Ś	4,810	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	5	_(5)
	<u></u>	4,810	<u>}</u>	<u> </u>	<u> </u>	<u>725</u>
TITLE III C ADMINISTRAT	ΡΤΟΝ•					
Salaries	<u>s 101</u>	10,143	Ċ	10 000		
Fringe	Ŷ	853	\$	10,301	\$(158)
Travel		1,488		1,470	(617)
Operating services		6,000		1,127		361
Operating supplies		2,350		6,746	(746)
Other costs		•		1,198		1,152
Capital outlay		824		502		322
Totals	Ś	2,100		382	<u>-</u>	1,718
	7	<u> 23,758 </u>	<u>3</u>	21,726	<u>Ş</u>	2,032
TITLE III-B SUPPORTIVE	SERVIC	ES.				
Salaries	\$	110,415	ć	100 710	~	
Fringe	Ť	9,000	\$	100,719	\$	9,696
Travel		4,700		8,685	,	315
Operating services		28,248		5,286	(586)
Operating supplies		9,896		31,577	(3,329)
Other costs		3,716		10,579	(683)
Capital outlay		3,710		3,376		340



Capital outlay Totals

Variance -

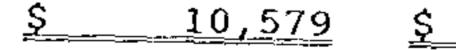
DESOTO COUNCIL ON AGING, INC.

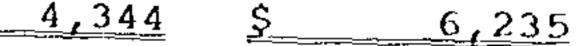
Schedule of Expenditures - Budget (GAAP Basis) and Actual -General and Special Revenue Funds For the Year Ended June 30, 1999

Favorable Budget <u>Actual</u> (Unfavorable) ENERGY FUND: Salaries \$ \$ Fringe Meals Travel No Operating services Budget Operating supplies Adopted 959 Other costs Utility assistance

Totals \$ Ś 959 \$

	<u></u>	<u> 2 959</u>	<u>Ş</u>
<u>AUDIT</u> : Salaries Fringe Meals Travel Operating services Operating supplies		\$	\$
Totals	<u>\$</u>	<u>\$3,800</u>	<u>\$</u>
<u>USDA</u> Transfers to Title III C-1 Transfers to Title III C-2 Totals	\$ 17,000 23,000 \$40,000	$\begin{array}{c} $ 14,714 \\ 19,504 \\ \hline $ 34,218 \end{array}$	\$ 2,286 3,496 \$ 5,782
PREVENTIVE HEALTH:			<u> </u>
Salaries Fringe Travel Operating services Operating supplies Other costs Capital outlay	<pre>\$ 147 12 164 144 6,442 1,470 2,200</pre>	\$ 147 22 143 95 12 1,303 2,622	$\begin{array}{ccc} & - & & & \\ & & & 10 \\ & & 21 \\ & & 49 \\ & & 6,430 \\ & & 167 \\ - & & & 422 \end{array}$
Totals	<u>\$ 10,579</u>	\$ 4.344	\$ 6.225







Variance -

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DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -General and Special Revenue Funds For the Year Ended June 30, 1999

<u>FEMA</u> :	<u>Budget</u>	<u>Actual</u>	Favorable (<u>Unfavorable</u>)
Salaries Fringe Travel Operating services Operating supplies Other costs	4,567	5,984	(1,417)
Totals	<u>\$ 4,567</u>	<u>\$ </u>	<u>\$(1,417)</u>

MISCELLANEOUS GRANT:

Transfers to Other Funds:						
Title III B	\$	14,430	\$	23,491	\$(9,061)
Title C-1		570		-	-	570
Title C-2		15,000		11,009		3,991
Title III F	<u> </u>	4,500	<u> </u>		<u>-</u>	4,500
Totals	<u>\$</u>	<u>34,500</u>	<u>\$</u>	<u>34,500</u>	<u>\$</u>	<u> </u>

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Schedule 4

DESOTO COUNCIL ON AGING, INC.

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

For the Year Ended June 30, 1999

Access (30%):	Case Management Transportation Information &	\$ 2,541 68,780		
	Assistance Outreach	2,348		
	Total access expenses	 <u> </u>	79,057	191,18%
	roour access expenses		, , , , , , , , , , , , , , , , , , , ,	
In-Home (15%):	Homemaker		50,564	<u>122.27%</u>
Legal (5%):	Legal assistance		2,838	<u>6,85%</u>
Non-priority s	ervices		27,917	

Total Title III-B Supportive service expenditures	160,376
Less: Participant contributions Transfers in	(4,671) <u>(47,058</u>)
Title IIIB - Supportive services grant	108,647
Less: State transportation	<u>(50,091</u>)
Original grant award net of additional state homemaker funds	<u>\$ 58,556</u>

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<u>Schedule 5</u>

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DESOTO COUNCIL ON AGING, INC.

Statement of General Fixed Assets And Changes in General Fixed Assets For the Year Ended June 30, 1999

	Balance June 30, <u>1998</u>		Additions (Deletions)		Balance June 30, <u>1999</u>	
General Fixed Assets, at Cost: Buildings and Land Vehicles Furniture and equipment	\$	46,711 121,817 <u>40,947</u>	\$ 	125,805 23,789 <u>8,178</u>	\$	172,516 145,606 <u>49,125</u>
Totals	<u>\$</u>	<u>209,475</u>	<u>\$</u>	<u>157,772</u>	<u>\$</u>	<u>367,247</u>
Investment in General Fixed Asse Property acquired prior to	ets:					
July 1, 1985	\$	5,468	\$	-	\$	5,468
Title III C-1		25,041		144		25,185
Title III C-2		5,856		112		5,968
Senior Center		6,357		37		6,394
Title III C Administrative		2,175		382		2,557
Title III B Support services		1,473		154		1,627
Title III F		833		2,622		3,455
Title III D In Home services		1,250		—		1,250
Ombudsman		1,967		5		1,972
Section 18		84,561		23,789		108,350
Act 735		644		-		644
General Fund	-	73,850		130,527		204,377
Totals	<u>ş</u>	209,475	<u>\$</u>	<u>157,772</u>	<u>\$</u>	<u>367,247</u>

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

Board of Directors DeSoto Council on Aging, Inc. Mansfield, Louisiana

I have audited the financial statements of DeSoto Council on Aging, Inc. as of and for the year ended June 30, 1999, and have issued my report thereon dated September 20, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in <u>Government</u> <u>Auditing Standards</u>, issued by the Comptroller General of the United States.

<u>Compliance</u>

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

Internal Control Over Financial Reporting

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

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider item #1 to be a material weakness.

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

M (1)Maisha U. Millican

Certified Public Accountant September 20, 1999

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Corrective Action Taken on Prior Year Findings June 30, 1999

Prior Year Finding:	The segregation of duties is inadequate to provide effective internal control.
Cause:	The condition is due to economic and space limitations.
Recommendation:	No action is recommended.
Management's Response:	No action was recommended and none was taken.

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Schedule of Findings and Questioned Costs June 30, 1999

Finding/Noncompliance_____

Questioned <u>Costs</u>

Finding #1 The segregation of duties is indequate to provide effective internal control. -0-Cause: The condition is due to economic and space limitations.Recommendation: No action is recommended. Management's Response: We agree with the finding.

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