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DESOTO COUNCIL ON AGING, INC.

MANSFIELD, LOUISIANA

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 11/09/98

FINANCIAL STATEMENTS

June 30, 1998

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DESOTO COUNCIL ON AGING, INC.

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June 30, 1998

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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, 1998. 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 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 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, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated September 21, 1998 on my consideration of DeSoto Council on Aging, Inc.'s internal control structure and a report dated September 21, 1998 on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The statements and schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of 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 O. Millican

Certified Public Accountant
September 21, 1998

DESOTO COUNCIL ON AGING, INC.

Combined Balance Sheet - All Fund Types and Account Group
June 30, 1998

	Governmental Fund Types		Account Group	Totals
	General	Special Revenue	General Fixed Assets	(Memorandum Only)
<u>ASSETS</u>				
Cash and cash equivalents	\$ 80,703	\$ 2,949	\$ -	\$ 83,652
Contracts receivable	25,350	5,605	-	30,955
Deposits on Vans	-	4,600	-	4,600
Due from other funds	-	13,000	-	13,000
General fixed assets	-	-	209,475	209,475
 Total assets	<u>\$106,053</u>	<u>\$ 26,154</u>	<u>\$ 209,475</u>	<u>\$ 341,682</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ -	\$ 22,275	\$ -	\$ 22,275
Due to other funds	13,000	-	-	13,000
 Total liabilities	<u>13,000</u>	<u>22,275</u>	<u>-</u>	<u>35,275</u>
 <u>FUND EQUITY:</u>				
Investments in general fixed assets	-	-	209,475	209,475
Fund balance:				
Reserved for utility assistance	-	923	-	923
Reserved for USDA	-	-	-	-
Reserved for FEMA	-	2,956	-	2,956
Unreserved - undesignated	93,053	-	-	93,053
 Total fund equity	<u>93,053</u>	<u>3,879</u>	<u>209,475</u>	<u>306,407</u>
 Total liabilities and fund equity	<u>\$106,053</u>	<u>\$ 26,154</u>	<u>\$ 209,475</u>	<u>\$ 341,682</u>

The accompanying notes are an integral part of this statement.

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, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
REVENUES:			
Intergovernmental	\$ 177,903	\$ 463,552	\$ 641,455
Public support	10,519	29,698	40,217
Miscellaneous	7,785	-	7,785
	<u>196,207</u>	<u>493,250</u>	<u>689,457</u>
EXPENDITURES:			
Salaries	93,673	184,197	277,870
Fringe	7,895	15,348	23,243
Travel	805	14,611	15,416
Operating services	9,998	104,405	114,403
Operating supplies	4,086	28,750	32,836
Other costs	1,530	11,335	12,865
Meals	-	126,356	126,356
Capital outlay	2,171	55,621	57,792
Utility assistance	-	273	273
	<u>120,158</u>	<u>540,896</u>	<u>661,054</u>
Excess (deficiency) of revenues over expenditures	76,049	(47,646)	28,403
OTHER FINANCING SOURCES (USES):			
Operating transfers in	11,302	138,618	149,920
Operating transfers out	(59,651)	(90,269)	(149,920)
Excess (deficiency) of revenues and other sources over expenditures and other uses	27,700	703	28,403
FUND BALANCE:			
Beginning of year	<u>65,353</u>	<u>3,176</u>	<u>68,529</u>
End of year	<u>\$ 93,053</u>	<u>\$ 3,879</u>	<u>\$ 96,932</u>

The accompanying notes are an integral part of this statement.

DESOTO COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 1998

	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>
<u>REVENUES:</u>			
Intergovernmental	\$ 32,734	\$ 145,169	\$ 177,903
Public support	845	9,674	10,519
Miscellaneous	<u>7,785</u>	<u>-</u>	<u>7,785</u>
 Total revenues	 <u>41,364</u>	 <u>154,843</u>	 <u>196,207</u>
<u>EXPENDITURES:</u>			
Salaries	15,716	109,389	93,673
Fringe	(1,286)	6,609	7,895
Travel	3,120	3,925	805
Operating services	3,858	13,856	9,998
Operating supplies	(920)	3,166	4,086
Other costs	(166)	1,364	1,530
Capital outlay	<u>(2,171)</u>	<u>-</u>	<u>2,171</u>
 Total expenditures	 <u>18,151</u>	 <u>138,309</u>	 <u>120,158</u>
 Excess (deficiency) of revenues over expenditures	 59,515	 16,534	 76,049
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	11,302	-	11,302
Operating transfers out	<u>(43,117)</u>	<u>(16,534)</u>	<u>(59,651)</u>
 Excess of revenues and other sources over expenditures and other uses	 27,700	 -	 27,700
<u>FUND BALANCE:</u>			
Beginning of year	<u>-</u>	<u>65,353</u>	<u>65,353</u>
End of year	<u>\$ 27,700</u>	<u>\$ 65,353</u>	<u>\$ 93,053</u>

The accompanying notes are an integral part of this statement.

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, 1998

	Variance Favorable (Unfavorable)	Actual			Total
		Budget	Budgeted	Not Budgeted	
REVENUES:					
Intergovernmental	\$ 41,179	\$ 416,822	\$ 458,001	\$ 5,551	\$ 463,552
Public support	8,020	21,102	29,122	576	29,698
Miscellaneous	-	-	-	-	-
Total revenues	49,199	437,924	487,123	6,127	493,250
EXPENDITURES:					
Salaries	2,014	186,211	184,197	-	184,197
Fringe	2,889	18,237	15,348	-	15,348
Travel	(3,876)	10,735	14,611	-	14,611
Operating service	(10,954)	88,300	99,254	5,151	104,405
Operating supplies	(1,363)	27,387	28,750	-	28,750
Other costs	1,238	12,573	11,335	-	11,335
Meals	(15,341)	111,015	126,356	-	126,356
Capital outlay	(55,621)	-	55,621	-	55,621
Utility assistance	-	-	-	273	273
Total expenditures	(81,014)	454,458	535,472	5,424	540,896
Excess (deficiency) of revenues over expenditures	(31,815)	(16,534)	(48,349)	703	(47,646)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	25,611	113,007	138,618	-	138,618
Operating transfers out	6,204	(96,473)	(90,269)	-	(90,269)
Excess of revenues and other sources over expenditures and other uses	-	-	-	703	703
FUND BALANCE:					
Beginning of year	-	-	-	3,176	3,176
End of year	\$ -	\$ -	\$ -	\$ 3,879	\$ 3,879

The accompanying notes are an integral part of this statement.

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

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)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

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:

Local

Local funds are received from various local sources; such funds not being restricted to any special use.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

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.

Medicaid

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. These program service fees and their related costs are accounted for within the "local transportation" program of the General Fund.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (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.

Title III-C Area Agency Administration Fund

The Title III-C Area Agency Administration Fund is used to account for some of the administrative costs associated 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.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

Title III C-1 Congregate Meals Fund

Title III C-1 funds are provided by the United States Department of Health and Human Services 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.

Title III C-2 Home Delivered Meals Fund

Title III C-2 funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. 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.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (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.

Title III, Part F

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.

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 account group is not a "fund".

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

E. Basis of Accounting:

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

F. Transfers:

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

G. Budget Policy:

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.

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

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 than 1 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.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Reservation of Fund Balances:

The Council "reserves" portions of its fund balance 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.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

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, 1997, are as follows:

USDA	\$ 5,605
Project Independence (Local)	9,000
Title 19	4,442
Medicaid	11,501
Miscellaneous Local	407
Total	<u>\$ 30,955</u>

All contracts receivable are fully collectible at June 30, 1998.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

6. CHANGES IN FIXED ASSETS

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

	Balance July 1, <u>1997</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>1998</u>
Building Improvements	\$ 46,711	\$ -	\$ -	\$ 46,711
Vehicles	67,946	53,871	-	121,817
Furniture and Equipment	<u>37,026</u>	<u>3,921</u>	<u>-</u>	<u>40,947</u>
Totals	<u>\$151,683</u>	<u>\$ 57,792</u>	<u>\$ -</u>	<u>\$209,475</u>

7. DEPOSITS WITH FINANCIAL INSTITUTIONS

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, 1998, the carrying amount of the Council's deposits were \$83,632, and the bank's balance was \$106,189. The difference is due to outstanding checks at June 30. All funds on deposits were insured by federal depository insurance.

8. INCOME TAX STATUS

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.

9. 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.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

10. INTERFUND TRANSFERS

Operating transfers in and out are listed by fund for the year ended June 30, 1998:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 11,302	\$ 59,651
Special Revenue Funds:		
Audit	1,946	-
Title III C-1	22,365	-
Title III C-2	39,331	-
Title III C Administration	2,275	-
Title III B Supportive Services	54,177	-
Title III D In Home Services	32	-
Title III F Ombudsman	333	-
	10	-
Section 18	18,149	
Senior Center	-	23,205
USDA	-	32,564
Miscellaneous Grant	-	34,500
Total - Special Revenue Funds	<u>138,618</u>	<u>90,269</u>
Total - All Funds	<u>\$ 149,920</u>	<u>\$ 149,920</u>

Operating transfers out by fund are as follows:

<u>General Fund</u>	
Title III C-1	\$ 6,037
Title III C-2	9,050
Title III C Administrative	2,275
Title III B Supportive Services	10,892
Section 18	18,149
Audit	1,946
Medicaid Fund	1,534
Local Transportation	<u>59,651</u>
Total transfers out - General Fund	<u>\$ 59,651</u>
<u>USDA</u>	
Title III C-1	\$ 14,000
Title III C-2	<u>18,564</u>
Total transfers out - USDA	<u>\$ 32,564</u>

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1998

10. INTERFUND TRANSFERS (Continued)

Miscellaneous Grant

Title III B Supportive Services	\$ 20,080
Title III C-1	2,328
Title III C-2	11,717
Title III F	333
Title III D	32
Ombudsman	<u>10</u>
Total transfers out - Miscellaneous Grant	<u>\$ 34,500</u>

11. DUE TO/FROM OTHER FUNDS

Due to/from other funds at June 30, 1998, consisted of the following:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 13,000
Special Revenue Funds	<u>13,000</u>	<u>-</u>
Total - All Funds	<u>\$ 13,000</u>	<u>\$ 13,000</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.

DESOTO COUNCIL ON AGING, INC.

Combining Statement of Program Revenues, Expenditures
and Changes in Fund Balances -
General Fund
For the Year Ended June 30, 1998

	<u>Other Local</u>	<u>Project Independence</u>	<u>Medicaid</u>	<u>PCOA</u>	<u>Local Transp.</u>	<u>Totals</u>
REVENUES						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ -	\$ -	\$ -	\$ 11,779	\$ -	\$ 11,779
Urban Affairs	32,750	-	-	-	-	32,750
Program Service Fees:						
Louisiana Department of: Transportation and Development	-	-	-	-	50,317	50,317
Health and Hospitals	-	-	29,057	-	-	29,057
Social Services	-	54,000	-	-	-	54,000
Public Support:						
Unrestricted	10,519	-	-	-	-	10,519
Miscellaneous	7,785	-	-	-	-	7,785
Total revenues	<u>51,054</u>	<u>54,000</u>	<u>29,057</u>	<u>11,779</u>	<u>50,317</u>	<u>196,207</u>
EXPENDITURES						
Salaries	9,892	6,294	25,618	-	51,869	93,673
Fringe	794	513	2,184	-	4,404	7,895
Travel	-	274	-	-	531	805
Operating services	2,238	3,030	2,017	-	2,713	9,998
Operating supplies	2,634	533	450	-	469	4,086
Other costs	1,093	120	218	-	99	1,530
Capital outlay	2,067	-	104	-	-	2,171
Total expenditures	<u>18,718</u>	<u>10,764</u>	<u>30,591</u>	<u>-</u>	<u>60,085</u>	<u>120,158</u>
Excess (deficiency) of revenues over expenditures	32,336	43,236	(1,534)	11,779	(9,768)	76,049
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	1,534	-	9,768	11,302
Operating transfers out	(4,636)	(43,236)	-	(11,779)	-	(59,651)
Excess (deficiency) of revenues and other sources over expenditures and other uses	27,700	-	-	-	-	27,700
FUND BALANCES						
Beginning of year	<u>65,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,353</u>
End of year	<u>\$ 93,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,053</u>

Schedule 2

<u>Title IIIF</u>	<u>Senior Center</u>	<u>USDA</u>	<u>Audit</u>	<u>Supple. Senior Center</u>	<u>FEMA</u>	<u>Utility Assistance Fund</u>	<u>Section 18</u>	<u>Total</u>
\$ 3,456	\$ 25,475	\$ 32,564	\$ 1,854	\$ 34,500	\$ -	\$ -	\$ -	\$ 345,691
-	-	-	-	-	-	-	112,310	112,310
-	-	-	-	-	5,551	-	-	5,551
-	-	-	-	-	-	576	-	576
-	-	-	-	-	-	-	522	29,122
<u>3,456</u>	<u>25,475</u>	<u>32,564</u>	<u>1,854</u>	<u>34,500</u>	<u>5,551</u>	<u>576</u>	<u>112,832</u>	<u>493,250</u>
154	-	-	-	-	-	-	17,445	184,197
13	-	-	-	-	-	-	1,446	15,348
139	169	-	-	-	-	-	1,980	14,611
825	1,341	-	-	-	5,151	-	43,777	104,405
563	681	-	-	-	-	-	12,305	28,750
-	-	-	-	-	-	-	-	126,356
1,299	37	-	3,800	-	-	-	157	11,335
-	-	-	-	-	-	273	-	273
<u>796</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,871</u>	<u>55,621</u>
<u>3,789</u>	<u>2,270</u>	<u>-</u>	<u>3,800</u>	<u>-</u>	<u>5,151</u>	<u>273</u>	<u>130,981</u>	<u>540,896</u>
(333)	23,205	32,564	(1,946)	34,500	400	303	(18,149)	(47,646)
333	-	-	1,946	-	-	-	18,149	138,618
<u>-</u>	<u>(23,205)</u>	<u>(32,564)</u>	<u>-</u>	<u>(34,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,269)</u>
-	-	-	-	-	400	303	-	703
-	-	-	-	-	2,556	620	-	3,176
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,956</u>	<u>\$ 923</u>	<u>\$ -</u>	<u>\$ 3,879</u>

DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
 General and Special Revenue Funds
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>LOCAL:</u>			
Salaries	\$ 109,389	\$ 93,673	\$ 15,716
Fringe	6,609	7,895	(1,286)
Meals	-	-	-
Travel	3,925	805	3,120
Operating services	13,856	9,998	3,858
Operating supplies	3,166	4,086	(920)
Other costs	1,364	1,530	(166)
Capital outlay	-	2,171	(2,171)
Transfers to other funds:			
Title III C-1	369	6,037	(5,668)
Title III C-2	351	9,050	(8,699)
Title III F	119	-	119
Ombudsman	67	-	67
Section 18	-	18,149	(18,149)
Audit	-	1,946	(1,946)
Title III C Administration	224	-	224
Medicaid Fund	-	1,534	(1,534)
Title 19 - Local Transportation	-	9,768	(9,768)
Title III B			
Supportive Services	<u>3,625</u>	<u>1,388</u>	<u>2,237</u>
Totals	<u>\$ 143,064</u>	<u>\$ 168,030</u>	<u>\$ (24,966)</u>
<u>SECTION 18:</u>			
Salaries	\$ 17,663	\$ 17,445	\$ 218
Fringe	4,069	1,446	2,623
Meals	-	-	-
Travel	875	1,980	(1,105)
Operating services	29,636	43,777	(14,141)
Operating supplies	10,868	12,305	(1,437)
Other costs	584	157	427
Capital outlay	<u>-</u>	<u>53,871</u>	<u>(53,871)</u>
Totals	<u>\$ 63,695</u>	<u>\$ 130,981</u>	<u>\$ (67,286)</u>
<u>PCOA (ACT 735):</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Transfers to other funds:			

DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>PCOA (ACT 735): (Continued)</u>			
Title III C	\$ 5,507	\$ 2,275	\$ 3,232
Title III B			
Supportive Services	6,272	9,504	(3,232)
Totals	<u>\$ 11,779</u>	<u>\$ 11,779</u>	<u>\$ -</u>
 <u>Title III C-1:</u>			
Salaries	28,908	30,099	(1,191)
Fringe	2,989	2,631	358
Meals:			
Raw food	29,643	31,913	(2,270)
Non-edibles	28,085	31,265	(3,180)
Travel	383	644	(261)
Operating services	4,994	4,636	358
Operating supplies	1,013	353	660
Other costs	1,100	259	841
Capital outlay	-	165	(165)
Totals	<u>\$ 97,115</u>	<u>\$ 101,965</u>	<u>\$ (4,850)</u>
 <u>SENIOR CENTER:</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	169	(169)
Operating services	2,829	1,341	1,488
Operating supplies	470	681	(211)
Other costs	203	37	166
Capital outlay	-	42	(42)
Transfers to other funds:			
Title III B	21,973	23,205	(1,232)
Totals	<u>\$ 25,475</u>	<u>\$ 25,475</u>	<u>\$ -</u>
 <u>Title III C-2:</u>			
Salaries	\$ 25,976	\$ 24,150	\$ 1,826
Fringe	1,763	2,118	(355)
Meals:			
Raw food	27,362	31,913	(4,551)
Non-edibles	25,925	31,265	(5,340)
Travel	2,662	4,174	(1,512)
Operating services	3,591	2,195	1,396
Operating supplies	597	1,747	(1,150)
Other costs	976	2,082	(1,106)
Capital outlay	-	129	(129)
Totals	<u>\$ 88,852</u>	<u>\$ 99,773</u>	<u>\$ (10,921)</u>

Schedule 3
(Continued)

DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 1998

	Budget	Expenditures	Variance - Favorable (Unfavorable)
<u>IN-HOME SERVICES:</u>			
Salaries	\$ 1,736	\$ 1,793	\$(57)
Fringe	130	144	(14)
Travel	1,083	1,279	(196)
Operating services	148	363	(215)
Operating supplies	25	93	(68)
Other costs	14	4	10
Capital outlay	-	-	-
	<u>\$ 3,136</u>	<u>\$ 3,676</u>	<u>\$(540)</u>
<u>OMBUDSMAN:</u>			
Salaries	\$ 2,540	\$ 2,499	\$ 41
Fringe	248	17	231
Travel	610	658	(48)
Operating services	209	184	25
Operating supplies	35	94	(59)
Other costs	19	4	15
Capital outlay	-	7	(7)
	<u>\$ 3,661</u>	<u>\$ 3,463</u>	<u>\$ 198</u>
<u>TITLE III C ADMINISTRATION:</u>			
Salaries	\$ 10,144	\$ 10,887	\$(743)
Fringe	1,236	888	348
Travel	499	792	(293)
Operating services	10,578	7,684	2,894
Operating supplies	1,760	830	930
Other costs	983	226	757
Capital outlay	-	436	(436)
	<u>\$ 25,200</u>	<u>\$ 21,743</u>	<u>\$ 3,457</u>
<u>TITLE III-B SUPPORTIVE SERVICES:</u>			
Salaries	\$ 99,098	\$ 97,170	\$ 1,928
Fringe	7,784	8,091	(307)
Travel	4,508	4,776	(268)
Operating services	35,251	38,249	(2,998)
Operating supplies	11,683	12,084	(401)
Other costs	7,383	3,467	3,916
Capital outlay	-	175	(175)
	<u>\$ 165,707</u>	<u>\$ 164,012</u>	<u>\$ 1,695</u>

DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>ENERGY FUND:</u>			
Salaries		\$	\$
Fringe			
Meals			
Travel			
Operating services	No		
Operating supplies	Budget	273	
Other costs	Adopted		
Utility assistance			
Totals	\$	\$ 273	\$
<u>AUDIT:</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	3,800	-
Operating supplies	-	-	-
Totals	\$ -	\$ 3,800	\$ -
<u>USDA</u>			
Transfers to Title III C-1	\$ 17,000	\$ 14,000	\$ 3,000
Transfers to Title III C-2	23,000	18,564	4,436
Totals	\$ 40,000	\$ 32,564	\$ 7,436
<u>PREVENTIVE HEALTH:</u>			
Salaries	\$ 147	\$ 154	\$(7)
Fringe	18	13	5
Travel	115	139	(24)
Operating services	1,064	825	239
Operating supplies	936	563	373
Other costs	1,310	1,299	11
Capital outlay	-	796	(796)
Totals	\$ 3,590	\$ 3,789	\$(199)

DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>FEMA:</u>			
Salaries			
Fringe			
Travel	No		
Operating services	Budget	5,151	
Operating supplies	Adopted		
Other costs			
Totals	<u>\$ -</u>	<u>\$ 5,151</u>	<u>\$ -</u>
 <u>MISCELLANEOUS GRANT:</u>			
Transfers to Other Funds:			
Title III B	\$ 18,490	\$ 20,080	\$(1,590)
Title C-1	2,166	2,328	(162)
Title C-2	11,717	11,717	-
Ombudsman	141	10	131
Title III F	15	333	(318)
Audit	1,946	-	1,946
Title III D	25	32	(7)
Totals	<u>\$ 34,500</u>	<u>\$ 34,500</u>	<u>\$ -</u>

DESOTO COUNCIL ON AGING, INC.Schedule of Priority Services -
Title III, Part B, Grant for Supportive ServicesFor the Year Ended June 30, 1998

Access (30%):	Case Management	\$ 2,633	
	Transportation	76,452	
	Information & Assistance	2,637	
	Outreach	<u>5,745</u>	
	Total access expenses	87,467	<u>150.72%</u>
In-Home (15%):	Homemaker	47,775	<u>82.33%</u>
Legal (5%):	Legal assistance	3,332	<u>7.74%</u>
Non-priority services		<u>25,438</u>	
Total Title III-B Supportive service expenditures		164,012	
Less: Participant contributions		(3,632)	
Transfers in		<u>(54,177)</u>	
Title IIIB - Supportive services grant		106,203	
Less: State transportation		<u>(48,171)</u>	
Original grant award net of additional state homemaker funds		<u>\$ 58,032</u>	

DESOTO COUNCIL ON AGING, INC.

Statement of General Fixed Assets
 And Changes in General Fixed Assets
For the Year Ended June 30, 1998

	Balance June 30, 1997	Additions (Deletions)	Balance June 30, 1998
General Fixed Assets, at Cost:			
Building	\$ 46,711	\$ -	\$ 46,711
Vehicles	67,946	53,871	121,817
Furniture and equipment	<u>37,026</u>	<u>3,921</u>	<u>40,947</u>
Totals	<u>\$ 151,683</u>	<u>\$ 57,792</u>	<u>\$ 209,475</u>
Investment in General Fixed Assets:			
Property acquired prior to July 1, 1985	\$ 5,468	\$ -	\$ 5,468
Title III C-1	24,876	165	25,041
Title III C-2	5,727	129	5,856
Senior Center	6,315	42	6,357
Title III C Administrative	1,739	436	2,175
Title III B Support services	1,298	175	1,473
Title III F	37	796	833
Title III D In Home services Ombudsman	1,250	-	1,250
Section 18	1,960	7	1,967
Act 735	30,690	53,871	84,561
General Fund	644	-	644
Totals	<u>71,679</u>	<u>2,171</u>	<u>73,850</u>
Totals	<u>\$ 151,683</u>	<u>\$ 57,792</u>	<u>\$ 209,475</u>

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

Board of Directors
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, 1998, and have issued my report thereon dated September 21, 1998. 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 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 Government Auditing Standards.

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. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item #1.

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

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

Martha D. Melican

Certified Public Accountant
September 21, 1998

DESOTO COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs
June 30, 1998

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

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

September 21, 1998

Board of Directors
DeSoto Council on Aging, Inc.

In planning and performing my audit of the financial statements of DeSoto Council on Aging, Inc. for the year ended June 30, 1998, I considered the Council's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit I became aware of the following instance regarding budgeting of expenditures. This letter does not affect my report dated September 21, 1998 on the financial statements of DeSoto Council on Aging, Inc.

The Governor's Office of Elderly Affairs requires the Council to amend its budget in cases where actual costs for a particular cost category exceed the budgeted amount by more than 10%.

Actual expenditures exceeded budgeted expenditures by more than 10% in C-2 and Title III D and the budget was not amended. Also, the Council did not budget capital outlay expenditures.

I recommend that budget variances be monitored and the budget be amended when actual expenditures exceed budgeted amounts by 10% or more. I also recommend that the Council budget capital expenditures.

I appreciate the courtesies extended to me during my audit, and would be pleased to discuss the contents of this letter in further detail at your convenience.

Very truly yours,


Certified Public Accountant

DESOTO COUNCIL ON AGING, INC.

Management's Corrective Action Plan

For the Year Ended June 30, 1998

Management Letter
Recommendation:

The Council should monitor budget variances and amend the budget when actual expenditures exceed budgeted amounts by 10% or more.

Management's Corrective
Action Plan

The executive director, Mary Mayfield, will monitor budget variances on a monthly basis and amend the budget whenever actual expenditures exceed budgeted expenditures by 10% or more.

DESOTO COUNCIL ON AGING, INC.

Summary Schedule of Prior Year Findings

For the Year Ended June 30, 1998

FINDING:

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

CAUSE:

The condition is due to economic and space limitations.

CORRECTIVE

ACTION TAKEN:

None was recommended and none was taken.