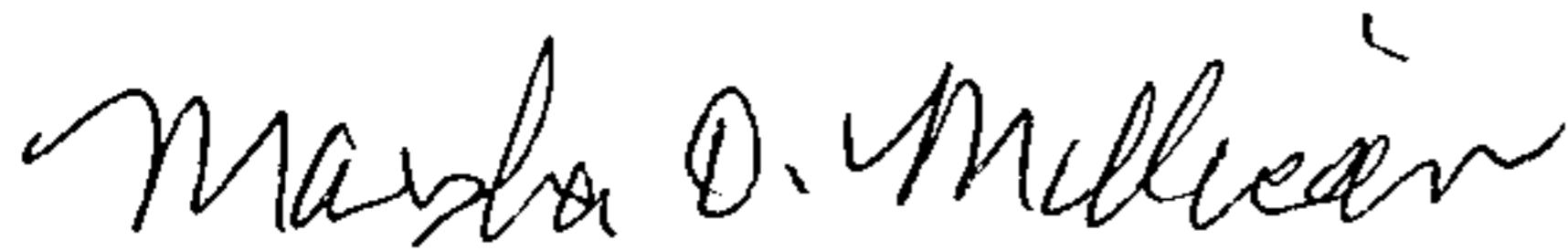


A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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.

A handwritten signature in cursive script, reading "Mary D. Milligan".

Certified Public Accountant
August 29, 1997

DESOTO COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs

June 30, 1997

	<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

August 29, 1997

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, 1997, 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 finding. This letter does not affect my report dated August 29, 1997, on the financial statements of DeSoto Council on Aging, Inc.

Finding: During cash disbursements testing, I noted that invoices submitted for payment are not properly canceled at time of payment to prevent duplicate payment.

Recommendation: All invoices should be properly cancelled at time of payment to prevent duplicate payment.

Client Response: We will institute a policy that requires all invoices to be properly cancelled at time of payment to prevent duplicate payment.

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

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copies from this
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DESOTO COUNCIL ON AGING, INC.

MANSFIELD, LOUISIANA

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FINANCIAL STATEMENTS

June 30, 1997

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 2/25/98

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

DESOTO COUNCIL ON AGING, INC.

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June 30, 1997

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DESOTO COUNCIL ON AGING INC.

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June 30, 1997

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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, 1997. 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of DeSoto Council on Aging, Inc. as of June 30, 1997, 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 August 29, 1997 on my consideration of DeSoto Council on Aging, Inc.'s internal control structure and a report dated August 29, 1997 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 to the general purpose financial statements taken as a whole.

Marsha D. Miller

Certified Public Accountant
August 29, 1997

DESOTO COUNCIL ON AGING, INC.Combined Balance Sheet - All Fund Types and Account Group
June 30, 1997

	Governmental Fund Types		Account Group General Fixed Assets	Totals (Memorandum Only)
	General	Special Revenue		
<u>ASSETS</u>				
Cash and cash equivalents	\$ 42,776	\$ 2,556	\$ -	\$ 45,332
Contracts receivable	14,130	10,770	-	24,900
Prepaid Expenses	-	1,943	-	1,943
Deposits on Vans		16,126		16,126
Due from other funds	8,447	-	-	8,447
General fixed assets	-	-	151,683	151,683
Total assets	<u>\$ 65,353</u>	<u>\$ 31,395</u>	<u>\$ 151,683</u>	<u>\$ 248,431</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ 19,772	\$ -	\$ 19,772
Due to other funds	-	8,447	-	8,447
Total liabilities	-	28,219	-	28,219
FUND EQUITY:				
Investments in general fixed assets	-	-	151,683	151,683
Fund balance:				
Reserved for utility assistance	-	620	-	620
Reserved for USDA	-	-	-	-
Reserved for FEMA	-	2,556	-	2,556
Unreserved - undesignated	65,353	-	-	65,353
Total fund equity	<u>65,353</u>	<u>3,176</u>	<u>151,683</u>	<u>220,212</u>
Total liabilities and fund equity	<u>\$ 65,353</u>	<u>\$ 31,395</u>	<u>\$ 151,683</u>	<u>\$ 248,431</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, 1997

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
REVENUES:			
Intergovernmental	\$ 141,236	\$ 388,242	\$ 529,478
Public support	9,558	38,325	47,883
Miscellaneous	4,002	-	4,002
	<u>154,796</u>	<u>426,567</u>	<u>581,363</u>
EXPENDITURES:			
Salaries	67,160	200,446	267,606
Fringe	6,401	17,241	23,642
Meals	-	120,288	120,288
Travel	3,907	12,100	16,007
Operating services	5,948	80,967	86,915
Operating supplies	1,669	26,308	27,977
Other costs	10,593	10,206	20,799
Capital outlay	2,040	-	2,040
Utility assistance	-	282	282
	<u>97,718</u>	<u>467,838</u>	<u>565,556</u>
Excess (deficiency) of revenues over expenditures	57,078	(41,271)	15,807
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	136,073	136,073
Operating transfers out	(28,901)	(107,172)	(136,073)
Excess (deficiency) of revenues and other sources over expenditures and other uses	28,177	(12,370)	15,807
FUND BALANCE:			
Beginning of year	<u>37,176</u>	<u>15,546</u>	<u>52,722</u>
End of year	<u>\$ 65,353</u>	<u>\$ 3,176</u>	<u>\$ 68,529</u>

The accompanying notes are an integral part of this statement.

DESOTO COUNCIL ON AGING, INC.

Exhibit C

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 1997

	Variance Favorable (Unfavorable)	Budget	Actual
REVENUES:			
Intergovernmental	\$ 34,190	\$ 107,046	\$ 141,236
Public support	578	8,980	9,558
Miscellaneous	<u>4,002</u>	<u>-</u>	<u>4,002</u>
 Total revenues	 <u>38,770</u>	 <u>116,026</u>	 <u>154,796</u>
EXPENDITURES:			
Salaries	10,649	77,809	67,160
Fringe	191	6,592	6,401
Travel	(707)	3,200	3,907
Operating services	(688)	5,260	5,948
Operating supplies	(453)	1,216	1,669
Other costs	(10,456)	137	10,593
Capital outlay	<u>(2,040)</u>	<u>-</u>	<u>2,040</u>
 Total expenditures	 <u>(3,504)</u>	 <u>94,214</u>	 <u>97,718</u>
 Excess (deficiency) of revenues over expenditures	 35,266	 21,812	 57,078
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	<u>(7,089)</u>	<u>(21,812)</u>	<u>(28,901)</u>
 Excess of revenues and other sources over expenditures and other uses	 28,177	 -	 28,177
FUND BALANCE:			
Beginning of year	<u>-</u>	<u>37,176</u>	<u>37,176</u>
End of year	<u>\$ 28,177</u>	<u>\$ 37,176</u>	<u>\$ 65,353</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, 1997

	Variance Favorable (Unfavorable)	Budget	Budgeted	Actual Not Budgeted	Total
REVENUES:					
Intergovernmental	\$ (5,994)	\$ 389,250	\$ 383,256	\$ 4,986	\$ 388,242
Public support	13,411	24,110	37,521	804	38,325
Miscellaneous	-	-	-	-	-
Total revenues	7,417	413,360	420,777	5,790	\$ 426,567
EXPENDITURES:					
Salaries	(7,022)	193,424	200,446	-	200,446
Fringe	(693)	16,548	17,241	-	17,241
Meals	(4,258)	116,030	120,288	-	120,288
Travel	(2,040)	10,060	12,100	-	12,100
Operating service	(12,175)	66,356	78,531	2,436	80,967
Operating supplies	(2,315)	23,993	26,308	-	26,308
Other costs	(1,445)	8,761	10,206	-	10,206
Capital outlay	-	-	-	-	-
Utility assistance	-	-	-	282	282
Total expenditures	(29,948)	435,172	465,120	2,718	467,838
Excess (deficiency) of revenues over expenditures	(22,531)	(21,812)	(44,343)	3,072	(41,271)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	1,273	134,800	136,073	-	136,073
Operating transfers out	5,816	(112,988)	(107,172)	-	(107,172)
Excess of revenues and other sources over expenditures and other uses	(15,442)	-	(15,442)	3,072	(12,370)
FUND BALANCE:					
Beginning of year	-	15,442	15,442	104	15,546
End of year	\$ (15,442)	\$ 15,442	\$ -	\$ 3,176	\$ 3,176

The accompanying notes are an integral part of this statement.

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

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 15 voluntary members who serve three-year terms, governs the Council.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

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, 1997

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.

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.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

Title III-B Administration Fund

Title III-B funds are provided by the United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs which "passes through" the funds to the Council. This program provides access services, legal assistance, and transportation for the elderly.

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.

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.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

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.

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.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

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.

D. Account Groups:

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

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.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Budget Policy:

Budgets for the various programs are prepared by the Council's Executive Director and approved by grantor of the funds for each respective program. The budgets are prepared on a basis consistent with generally accepted accounting principles.

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

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

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

H. Compensated Absence:

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

I. Fixed Assets:

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Accordingly, they are said to present a summary of resources and uses of "available spendable resources" during a period. Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets.

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fixed Assets: (Continued)

All fixed assets are valued at historical cost. Donated fixed assets are stated at their estimated fair market value on the date donated.

J. Cash and Cash Equivalents:

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

K. Investments:

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

L. 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.

2. FUNDING POLICIES AND SOURCES OF FUNDS

The Council receives its monies through various methods of funding. U.S.D.A. cash in-lieu of commodities funds are provided through the Louisiana Governor's Office of Elderly Affairs to help offset raw food costs in Title III C-1 and C-2 programs. This program is funded under the units of services provided method. The Senior Center Program and State Allocation (PCOA) funds are received as a monthly allocation of the total budget (grant) in advance of the actual expenditures. The Title III-B, C-1, C-2, D and F programs are funded based on actual operating costs incurred. The Council encourages and receives contributions from clients to help offset the costs of the Title III-B, C-1, and C-2 programs. Utility assistance funds are also provided by the Louisiana Association of Councils on Aging to the Council under the Helping Hands and Energy Programs. Section 18 Funds are

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

2. FUNDING POLICIES AND SOURCES OF FUNDS (Continued)

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 residents within DeSoto Parish.

3. BOARD OF DIRECTORS COMPENSATION

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

4. IN-KIND CONTRIBUTIONS

The Council received various in-kind contributions during the year. In-kind contributions consisted primarily of the time donated by volunteer workers at senior centers and meal sites. Although these contributions have not been reported as revenues, 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		\$ 8,591
Section 18		2,179
Local		14,130
Total		<u>\$ 24,900</u>

All contracts receivable are fully collectible at June 30, 1997.

6. CHANGES IN FIXED ASSETS

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

	Balance July 1, <u>1996</u>	Additions	Retirements	Balance June 30, <u>1997</u>
Building Improvements	\$ 46,711	\$ -	\$ -	\$ 46,711
Vehicles	67,946	-	-	67,946
Furniture and Equipment	<u>34,986</u>	<u>2,040</u>	-	<u>37,026</u>
Totals	<u>\$149,643</u>	<u>\$ 2,040</u>	<u>\$ -</u>	<u>\$151,683</u>

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

7. DEPOSITS WITH FINANCIAL INSTITUTIONS

At June 30, 1997, the carrying amount of the Council's deposits were \$45,283, and the bank's balance was \$54,729. 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.

10. INTERFUND TRANSFERS

Operating transfers in and out are listed by fund for the year ended June 30, 1997:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ -	\$ 28,901
Special Revenue Funds:		
Title III C-1	29,888	-
Title III C-2	34,918	-
Title III B Administration	9,771	-
Title III B Supportive Services	46,585	-
Title III D In Home Services	922	-
Ombudsman	248	-
Section 18	13,741	
Senior Center	-	39,006
USDA	-	33,666
Miscellaneous Grant	-	34,500
Total - Special Revenue Funds	<u>136,073</u>	<u>107,172</u>
Total - All Funds	<u>\$ 136,073</u>	<u>\$ 136,073</u>

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1997

11. DUE TO/FROM OTHER FUNDS

Due to/from other funds at June 30, 1997, consisted of the following:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 8,447	\$ -
Special Revenue Funds	<u>-</u>	<u>8,447</u>
Total - All Funds	<u>\$ 8,447</u>	<u>\$ 8,447</u>

Schedule 1

DESOTO COUNCIL ON AGING, INC.Statement of Program Revenues, Expenditures and Changes in Fund Balance -
General Fund
For the Year Ended June 30, 1997

	<u>Local</u>	<u>PCOA (ACT 735)</u>	<u>Totals</u>
<u>REVENUES:</u>			
Intergovernmental:			
Office of Elderly Affairs	\$ -	\$ 11,779	\$ 11,779
Louisiana Department of:			
Transportation and			
Development	51,638	-	51,638
Health and Hospitals	58,019	-	58,019
Social Services	19,800	-	19,800
Public support - donations	9,558	-	9,558
Miscellaneous	4,002	-	4,002
	<u>143,017</u>	<u>11,779</u>	<u>154,796</u>
<u>EXPENDITURES</u>			
Salaries	67,160	-	67,160
Fringe	6,401	-	6,401
Travel	3,907	-	3,907
Operating services	5,948	-	5,948
Operating supplies	1,669	-	1,669
Other costs	10,593	-	10,593
Capital outlay	2,040	-	2,040
	<u>97,718</u>	<u>-</u>	<u>97,718</u>
Excess of revenues over expenditures	45,299	11,779	57,078
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	-	-	-
Operating transfers out	(17,122)	(11,779)	(28,901)
Excess (deficiency) of revenues and other sources over expenditures and other uses	28,177	-	28,177
<u>FUND BALANCE:</u>			
Beginning of year	<u>37,176</u>	<u>-</u>	<u>37,176</u>
End of year	<u>\$ 65,353</u>	<u>\$ -</u>	<u>\$ 65,353</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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>LOCAL:</u>			
Salaries	\$ 77,809	\$ 67,160	\$ 10,649
Fringe	6,592	6,401	191
Meals	-	-	-
Travel	3,200	3,907	(707)
Operating services	5,260	5,948	(688)
Operating supplies	1,216	1,669	(453)
Other costs	137	10,593	(10,456)
Capital outlay	-	2,040	(2,040)
Transfers to other funds:			
Title III C-1	1,173	3,646	(2,473)
Title III C-2	1,318	2,771	(1,453)
Title III F	318	-	318
Ombudsman	302	248	54
Title III D	156	362	(206)
Audit	2,010	-	2,010
Title III B Administration	1,564	2,857	(1,293)
Title III B Supportive Services	<u>3,192</u>	<u>7,238</u>	<u>(4,046)</u>
Totals	<u>\$ 104,247</u>	<u>\$ 114,840</u>	<u>\$ (10,593)</u>
<u>SECTION 18:</u>			
Salaries	\$ 21,173	\$ 18,954	\$ 2,219
Fringe	2,047	1,262	785
Meals	-	-	-
Travel	500	2,265	(1,765)
Operating services	18,861	34,851	(15,990)
Operating supplies	6,768	10,539	(3,771)
Other costs	92	446	(354)
Capital outlay	-	-	-
Totals	<u>\$ 49,441</u>	<u>\$ 68,317</u>	<u>\$ (18,876)</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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>PCOA (ACT 735): (Continued)</u>			
Title III AAA	\$ 6,914	\$ 6,914	\$ -
Title III B			
Supportive Services	4,865	4,865	-
Totals	<u>\$ 11,779</u>	<u>\$ 11,779</u>	<u>\$ -</u>
 <u>Title III C-1:</u>			
Salaries	32,893	35,216	(2,323)
Fringe	3,062	3,261	(199)
Meals:			
Raw food	30,180	30,870	(690)
Non-edibles	28,996	29,806	(810)
Travel	333	480	(147)
Operating services	5,654	4,647	1,007
Operating supplies	1,537	754	783
Other costs	547	162	385
Totals	<u>\$ 103,202</u>	<u>\$ 105,196</u>	<u>\$ (1,994)</u>
 <u>SENIOR CENTER:</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	29	(29)
Operating services	1,916	1,436	480
Operating supplies	453	481	(28)
Other costs	60	-	60
Transfers to other funds:			
Section 18	15,442	13,741	1,701
Title III B	23,046	25,265	(2,219)
Totals	<u>\$ 40,917</u>	<u>\$ 40,952</u>	<u>\$ (35)</u>
 <u>Title III C-2:</u>			
Salaries	\$ 22,855	\$ 23,846	\$ (991)
Fringe	1,803	2,185	(382)
Meals:			
Raw food	28,996	29,806	(810)
Non-edibles	27,858	29,806	(1,948)
Travel	2,621	2,543	78
Operating services	2,444	2,361	83
Operating supplies	579	2,087	(1,508)
Other costs	527	112	415
Totals	<u>\$ 87,683</u>	<u>\$ 92,746</u>	<u>\$ (5,063)</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, 1997

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>IN-HOME SERVICES:</u>			
Salaries	\$ 1,614	\$ 1,801	\$(187)
Fringe	132	158	(26)
Travel	1,081	1,103	(22)
Operating services	100	95	5
Operating supplies	24	18	6
Other costs	5	5	(-)
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 2,956</u>	<u>\$ 3,180</u>	<u>\$(224)</u>
<u>OMBUDSMAN:</u>			
Salaries	\$ 2,584	\$ 2,615	\$(31)
Fringe	254	30	224
Travel	607	327	280
Operating services	141	135	6
Operating supplies	33	368	(335)
Other costs	3	93	(90)
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 3,622</u>	<u>\$ 3,568</u>	<u>\$ 54</u>
<u>TITLE III-B ADMINISTRATION:</u>			
Salaries	\$ 15,075	\$ 16,711	\$(1,636)
Fringe	1,263	1,506	(203)
Travel	374	402	(28)
Operating services	7,170	6,980	190
Operating supplies	1,697	1,245	452
Other costs	224	336	(112)
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 25,803</u>	<u>\$ 27,180</u>	<u>\$(1,377)</u>
<u>TITLE III-B SUPPORTIVE SERVICES:</u>			
Salaries	\$ 96,934	\$ 100,976	\$(4,042)
Fringe	7,963	8,810	(847)
Travel	4,436	4,812	(376)
Operating services	27,959	27,921	38
Operating supplies	12,581	10,742	1,839
Other costs	5,145	5,026	119
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 155,018</u>	<u>\$ 158,287</u>	<u>\$(3,269)</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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>ENERGY FUND:</u>			
Salaries		\$	\$
Fringe			
Meals			
Travel			
Operating services	No Budget Adopted	282	
Operating supplies			
Other costs			
Utility assistance			
Totals	\$	\$ 282	\$
<u>AUDIT:</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	1,790	1,790	-
Operating supplies	-	-	-
Totals	\$ 1,790	\$ 1,790	\$ -
<u>USDA</u>			
Transfer to Title III C-1	\$ 20,000	\$ 20,000	\$ -
Transfers to Title III C-2	20,000	13,666	6,334
Totals	\$ 40,000	\$ 33,666	\$ 6,334
<u>PREVENTIVE HEALTH:</u>			
Salaries	\$ 296	\$ 327	\$(31)
Fringe	24	29	(5)
Travel	108	139	(31)
Operating services	321	105	216
Operating supplies	321	74	247
Other costs	2,158	2,236	(78)
Capital outlay	-	-	-
Totals	\$ 3,228	\$ 2,910	\$ 318

DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
 General and Special Revenue Funds
For the Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>FEMA:</u>			
Salaries			
Fringe			
Travel			
Operating services	No		
Operating supplies	Budget	2,436	
Other costs	Adopted		
Totals	<u>\$</u>	<u>\$ 2,436</u>	<u>\$</u>
<u>MISCELLANEOUS GRANT:</u>			
Transfers to Other Funds:			
Title III B	\$ 9,217	\$ 9,217	\$ -
Title C-1	6,242	6,242	-
Title C-2	18,481	18,481	-
Title III D	560	560	-
Totals	<u>\$ 34,500</u>	<u>\$ 34,500</u>	<u>\$ -</u>

DESOTO COUNCIL ON AGING, INC.Statement of General Fixed Assets
And Changes in General Fixed Assets
For the Year Ended June 30, 1997

	Balance June 30, 1996	Additions (Deletions)	Balance June 30, 1997
General Fixed Assets, at Cost:			
Building	\$ 46,711	\$ -	\$ 46,711
Vehicles	67,946	-	67,946
Furniture and equipment	<u>34,986</u>	<u>2,040</u>	<u>37,026</u>
Totals	<u>\$ 149,643</u>	<u>\$ 2,040</u>	<u>\$ 151,683</u>
Investment in General Fixed Assets:			
Property acquired prior to July 1, 1985	\$ 5,468	\$ -	\$ 5,468
Title III C-1	24,876	-	24,876
Title III C-2	5,727	-	5,727
Senior Center	6,315	-	6,315
Title III B Administrative	1,739	-	1,739
Title III B Support services	1,298	-	1,298
Title III F	37	-	37
Title III D In Home services Ombudsman	1,250	-	1,250
Section 18	1,960	-	1,960
Act 735	30,690	-	30,690
General Fund	644	-	644
Totals	<u>69,639</u>	<u>2,040</u>	<u>71,679</u>
Totals	<u>\$ 149,643</u>	<u>\$ 2,040</u>	<u>\$ 151,683</u>

DESOTO COUNCIL ON AGING, INC.

Per Diem Paid to Board Members
For the Year Ended June 30, 1997

No per diem travel expenses were paid to board members for the year ended June 30, 1997.

DESOTO COUNCIL ON AGING, INC.

Corrective Action Taken on Prior Year Findings
June 30, 1997

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: We concur with the finding.

DESOTO COUNCIL ON AGING, INC.

Exit Conference

June 30, 1997

The exit conference was held August 29, 1997. Those in attendance were Marsha Millican, CPA, and Betty Walker, Executive Director of the Council.

I reported to her that I discovered the finding reported on page 31. The director received my finding favorably.

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, 1997, and have issued my report thereon dated August 29, 1997. 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.