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DESOTO COUNCIL ON AGING, INC.

MANSFIELD, LOUISIANA

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FINANCIAL STATEMENTS

June 30, 1999

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Release Date 1-19-00

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

DESOTO COUNCIL ON AGING, INC.

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June 30, 1999

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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 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, 1999, 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 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.

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. Milliken

Certified Public Accountant
September 20, 1999

DESOTO COUNCIL ON AGING, INC.Combined Balance Sheet - All Fund Types and Account Group
June 30, 1999

| | <u>Governmental</u> <u>Fund Types</u> | | <u>Account Group</u> | <u>Totals</u> <u>(Memorandum</u> <u>Only)</u> |
|--|--|----------------------------------|---------------------------------------|--|
| | <u>General</u> | <u>Special</u> <u>Revenue</u> | <u>General</u> <u>Fixed Assets</u> | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 86,726 | \$ 1,539 | \$ - | \$ 88,265 |
| Contracts receivable | 30,987 | 5,969 | - | 36,956 |
| Due from other funds | - | 18,212 | - | 18,212 |
| Prepaid expenses | - | 2,642 | - | 2,642 |
| General fixed assets | - | - | 367,247 | 367,247 |
| Total assets | <u>\$117,713</u> | <u>\$ 28,362</u> | <u>\$ 367,247</u> | <u>\$ 513,322</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | |
| LIABILITIES: | | | | |
| Accounts payable | \$ - | \$ 21,218 | \$ - | \$ 21,218 |
| Notes payable | 95,950 | - | - | 95,950 |
| Due to other funds | 18,212 | - | - | 18,212 |
| Total liabilities | <u>114,162</u> | <u>21,218</u> | <u>-</u> | <u>135,380</u> |
| FUND EQUITY: | | | | |
| Investments in general fixed assets | - | - | 367,247 | 367,247 |
| Fund balance: | | | | |
| Reserved for utility assistance | - | 5,605 | - | 5,605 |
| Reserved for FEMA | - | 1,539 | - | 1,539 |
| Unreserved - undesignated | 3,551 | - | - | 3,551 |
| Total fund equity | <u>3,551</u> | <u>7,144</u> | <u>367,247</u> | <u>377,942</u> |
| Total liabilities and fund equity | <u>\$117,713</u> | <u>\$ 28,362</u> | <u>\$ 367,247</u> | <u>\$ 513,322</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, 1999

| | <u>General</u> | <u>Special Revenue</u> | <u>Totals (Memorandum Only)</u> |
|---|-------------------|----------------------------|---|
| REVENUES: | | | |
| Intergovernmental | \$ 160,830 | \$ 443,145 | \$ 603,975 |
| Public support | 19,840 | 36,870 | 56,710 |
| Miscellaneous | <u>29,778</u> | <u>-</u> | <u>29,778</u> |
| Total revenues | <u>210,448</u> | <u>480,015</u> | <u>690,463</u> |
| EXPENDITURES: | | | |
| Salaries | 103,646 | 192,356 | 296,002 |
| Fringe | 9,690 | 17,847 | 27,537 |
| Travel | 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 | - | 131,978 | 131,978 |
| Capital outlay | 130,527 | 27,245 | 157,772 |
| Utility assistance | <u>-</u> | <u>959</u> | <u>959</u> |
| Total expenditures | <u>264,124</u> | <u>512,576</u> | <u>776,700</u> |
| Excess (deficiency) of revenues over expenditures | (53,676) | (32,561) | (86,237) |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating transfers in | 77,359 | 128,101 | 205,460 |
| Operating transfers out | <u>(113,185)</u> | <u>(92,275)</u> | <u>(205,460)</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (89,502) | 3,265 | (86,237) |
| FUND BALANCE: | | | |
| Beginning of year | <u>93,053</u> | <u>3,879</u> | <u>96,932</u> |
| End of year | <u>\$ 3,551</u> | <u>\$ 7,144</u> | <u>\$ 10,695</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, 1999

| | Variance Favorable (Unfavorable) | <u>Budget</u> | <u>Actual</u> |
|--|--|--------------------|--------------------|
| <u>REVENUES:</u> | | | |
| Intergovernmental | \$(56,215) | \$ 217,045 | \$ 160,830 |
| Public support | 10,540 | 9,300 | 19,840 |
| Miscellaneous | <u>29,778</u> | <u>-</u> | <u>29,778</u> |
| Total revenues | <u>(15,897)</u> | <u>226,345</u> | <u>210,448</u> |
| <u>EXPENDITURES:</u> | | | |
| 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) | 270 | 7,576 |
| Capital outlay | <u>20,128</u> | <u>150,655</u> | <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) |
| <u>OTHER FINANCING SOURCES (USES):</u> | | | |
| Operating transfers in | 59,935 | 17,424 | 77,359 |
| Operating transfers out | <u>(47,443)</u> | <u>(65,742)</u> | <u>(113,185)</u> |
| Excess of revenues and other sources over expenditures and other uses | 3,551 | (93,053) | (89,502) |
| <u>FUND BALANCE:</u> | | | |
| Beginning of year | <u>-</u> | <u>93,053</u> | <u>93,053</u> |
| End of year | <u>\$ 3,551</u> | <u>\$ -</u> | <u>\$ 3,551</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, 1999

| | Variance Favorable (Unfavorable) | <u>Budget</u> | <u>Actual</u> |
|--|--|------------------|------------------|
| <u>REVENUES:</u> | | | |
| Intergovernmental | \$ 10,804 | \$ 432,341 | \$ 443,145 |
| Public support | 13,037 | 23,833 | 36,870 |
| Program service fees | - | - | - |
| Miscellaneous | - | - | - |
| Total revenues | <u>23,841</u> | <u>456,174</u> | <u>480,015</u> |
| <u>EXPENDITURES:</u> | | | |
| Salaries | 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) | - | 959 |
| Total expenditures | <u>(8,084)</u> | <u>504,492</u> | <u>512,576</u> |
| Excess (deficiency) of revenues over expenditures | 15,757 | (48,318) | (32,561) |
| <u>OTHER FINANCING SOURCES (USES):</u> | | | |
| Operating transfers in | (17,736) | 145,837 | 128,101 |
| Operating transfers out | <u>5,244</u> | <u>(97,519)</u> | <u>(92,275)</u> |
| Excess of revenues and other sources over expenditures and other uses | 3,265 | - | 3,265 |
| <u>FUND BALANCE:</u> | | | |
| Beginning of year | <u>-</u> | <u>3,879</u> | <u>3,879</u> |
| End of year | <u>\$ 3,265</u> | <u>\$ 3,879</u> | <u>\$ 7,144</u> |

The accompanying notes are an integral part of this statement.

DESOTO COUNCIL ON AGING, INC.

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)

DESOTO COUNCIL ON AGING, INC.

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:

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, 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.

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, 1999

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, 1999

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, 1999

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, 1999

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.

(Continued)

DESOTO COUNCIL ON AGING, INC.

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 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, 1999

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 estimates 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, 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 |
| Total | <u>\$ 36,956</u> |

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

(Continued)

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 1999

6. CHANGES IN FIXED ASSETS

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 | \$ 46,711 | \$ 125,805 | \$ - | \$172,516 |
| Vehicles | 121,817 | 23,789 | | 145,606 |
| Furniture and Equipment | <u>40,947</u> | <u>8,178</u> | <u>-</u> | <u>49,125</u> |
| Totals | <u>\$209,475</u> | <u>\$ 157,772</u> | <u>\$ -</u> | <u>\$367,247</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, 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.

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, 1999

10. INTERFUND TRANSFERS

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

| | Operating Transfers In | Operating Transfers Out |
|---------------------------------|------------------------------|-------------------------------|
| 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 | 732 | - |
| 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 | <u>128,101</u> | <u>92,275</u> |
| Total - All Funds | <u>\$ 205,460</u> | <u>\$ 205,460</u> |

Operating transfers out by fund are as follows:

General Fund

| | |
|------------------------------------|-------------------|
| 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 | <u>\$ 113,185</u> |

USDA

| | |
|----------------------------|------------------|
| Title III C-1 | \$ 14,714 |
| Title III C-2 | 19,504 |
| Total transfers out - USDA | <u>\$ 34,218</u> |

| | |
|---|------------------|
| <u>SENIOR CENTER</u> - Transfer to Title IIIB | <u>\$ 23,557</u> |
|---|------------------|

(Continued)

DESOTO COUNCIL ON AGING, INC.

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:

| | <u>Due From Other Funds</u> | <u>Due to Other Funds</u> |
|-----------------------|---------------------------------|-------------------------------|
| General Fund | \$ - | \$ 18,212 |
| Special Revenue Funds | <u>18,212</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.

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

| | <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 | \$ - | \$ - | \$ - | \$ 21,779 | \$ - | \$ 21,779 |
| Urban Affairs | 11,875 | - | - | - | - | 11,875 |
| Program Service Fees: | | | | | | |
| 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: | | | | | | |
| Unrestricted | 19,840 | - | - | - | - | 19,840 |
| Miscellaneous | 29,778 | - | - | - | - | 29,778 |
| Total revenues | <u>61,493</u> | <u>54,000</u> | <u>38,693</u> | <u>21,779</u> | <u>34,483</u> | <u>210,448</u> |
| EXPENDITURES | | | | | | |
| Salaries | 10,626 | 5,954 | 29,410 | - | 57,656 | 103,646 |
| Fringe | 958 | 850 | 2,761 | - | 5,121 | 9,690 |
| Travel | - | - | 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 | - | 91 | - | - | 130,527 |
| Total expenditures | <u>150,861</u> | <u>10,992</u> | <u>36,070</u> | <u>-</u> | <u>66,201</u> | <u>264,124</u> |
| Excess (deficiency) of revenues over expenditures | (89,368) | 43,008 | 2,623 | 21,779 | (31,718) | (53,676) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating transfers in | 45,641 | - | - | - | 31,718 | 77,359 |
| Operating transfers out | (45,775) | (43,008) | (2,623) | (21,779) | - | (113,185) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (89,502) | - | - | - | - | (89,502) |
| FUND BALANCES | | | | | | |
| Beginning of year | 93,053 | - | - | - | - | 93,053 |
| End of year | <u>\$ 3,551</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,551</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> |
|-----------------------|--------------------------|---------------|--------------|--------------------------------------|-----------------|--|-------------------|-----------------|
| \$ 3,552 | \$ 25,475 | \$ 34,218 | \$ 1,850 | \$ 34,500 | \$ - | \$ - | \$ - | \$ 352,069 |
| - | - | - | - | - | - | - | 86,509 | 86,509 |
| - | - | - | - | - | 4,567 | - | - | 4,567 |
| - | - | - | - | - | - | 5,641 | - | 5,641 |
| - | - | - | - | - | - | - | 3,247 | 31,229 |
| <u>3,552</u> | <u>25,475</u> | <u>34,218</u> | <u>1,850</u> | <u>34,500</u> | <u>4,567</u> | <u>5,641</u> | <u>89,756</u> | <u>480,015</u> |
| 147 | - | - | - | - | - | - | 17,803 | 192,356 |
| 22 | - | - | - | - | - | - | 1,928 | 17,847 |
| 143 | 425 | - | - | - | - | - | 1,835 | 15,558 |
| 95 | 669 | - | - | - | 5,984 | - | 35,386 | 87,148 |
| 12 | 576 | - | - | - | - | - | 9,897 | 25,551 |
| - | - | - | - | - | - | - | - | 131,978 |
| 1,303 | 211 | - | 3,800 | - | - | - | 326 | 13,934 |
| - | - | - | - | - | - | 959 | - | 959 |
| <u>2,622</u> | <u>37</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>23,789</u> | <u>27,245</u> |
| <u>4,344</u> | <u>1,918</u> | <u>-</u> | <u>3,800</u> | <u>-</u> | <u>5,984</u> | <u>959</u> | <u>90,964</u> | <u>512,576</u> |
| (792) | 23,557 | 34,218 | (1,950) | 34,500 | (1,417) | 4,682 | (1,208) | (32,561) |
| 792 | - | - | 1,950 | - | - | - | 1,208 | 128,101 |
| - | (23,557) | (34,218) | - | (34,500) | - | - | - | (92,275) |
| - | - | - | (1,417) | 4,682 | - | 3,265 | - | - |
| - | - | - | - | - | 2,956 | 923 | - | 3,879 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,539</u> | <u>\$ 5,605</u> | <u>\$ -</u> | <u>\$ 7,144</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, 1999

| | <u>Budget</u> | <u>Actual</u> | Variance - Favorable (Unfavorable) |
|----------------------------|-------------------|-------------------|--|
| 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 Administration | 224 | - | 224 |
| Medicaid Fund | - | 2,623 | (2,623) |
| Project Independence | 2,436 | 43,008 | (40,572) |
| Other Local | 4 | 31,728 | (31,724) |
| Title III B | | | |
| Supportive Services | <u>18,295</u> | <u>-</u> | <u>18,295</u> |
| Totals | <u>\$ 315,043</u> | <u>\$ 355,530</u> | <u>\$(40,487)</u> |
| SECTION 18: | | | |
| Salaries | \$ 29,684 | \$ 17,803 | \$ 11,881 |
| Fringe | 2,495 | 1,928 | 567 |
| Meals | - | - | - |
| Travel | 875 | 1,835 | (960) |
| Operating services | 26,133 | 35,386 | (9,253) |
| Operating supplies | 7,527 | 9,897 | (2,370) |
| Other costs | 50 | 326 | (276) |
| Capital outlay | <u>-</u> | <u>23,789</u> | <u>(23,789)</u> |
| Totals | <u>\$ 66,764</u> | <u>\$ 90,964</u> | <u>\$(24,200)</u> |
| PCOA (ACT 735): | | | |
| 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, 1999

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Favorable (Unfavorable)</u> |
|------------------------------------|-------------------|-------------------|---|
| <u>PCOA (ACT 735): (Continued)</u> | | | |
| 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 | - |
| Totals | <u>\$ 21,779</u> | <u>\$ 21,779</u> | <u>\$ -</u> |
| <u>Title III C-1:</u> | | | |
| Salaries | 33,210 | 31,930 | 1,280 |
| Fringe | 2,847 | 3,039 | (192) |
| Meals: | | | |
| Raw food | 31,353 | 33,341 | (1,988) |
| Non-edibles | 31,353 | 32,648 | (1,295) |
| Travel | 1,159 | 908 | 251 |
| Operating services | 4,328 | 4,418 | (90) |
| Operating supplies | 1,186 | 1,108 | 78 |
| Other costs | 1,017 | 485 | 532 |
| Capital outlay | - | 144 | (144) |
| Totals | <u>\$ 106,453</u> | <u>\$ 108,021</u> | <u>\$ (1,568)</u> |
| <u>SENIOR CENTER:</u> | | | |
| Salaries | \$ - | \$ - | \$ - |
| Fringe | - | - | - |
| Meals | - | - | - |
| Travel | 399 | 425 | (26) |
| Operating services | 1,473 | 669 | 804 |
| Operating supplies | 221 | 576 | (355) |
| Other costs | 291 | 211 | 80 |
| Capital outlay | - | 37 | (37) |
| Transfers to other funds: | | | |
| Title III B | 23,091 | 23,557 | (466) |
| Totals | <u>\$ 25,475</u> | <u>\$ 25,475</u> | <u>\$ -</u> |
| <u>Title III C-2:</u> | | | |
| Salaries | \$ 25,944 | \$ 26,147 | \$ (203) |
| Fringe | 2,237 | 2,504 | (267) |
| Meals: | | | |
| Raw food | 31,353 | 33,341 | (1,988) |
| Non-edibles | 31,353 | 32,648 | (1,295) |
| Travel | 4,800 | 4,301 | 499 |
| Operating services | 2,000 | 2,050 | (50) |
| Operating supplies | 1,923 | 2,156 | (233) |
| Other costs | 5,294 | 3,913 | 1,381 |
| Capital outlay | - | 112 | (112) |
| Totals | <u>\$ 104,904</u> | <u>\$ 107,172</u> | <u>\$ (2,268)</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, 1999

| | <u>Budget</u> | <u>Expenditures</u> | <u>Variance - Favorable (Unfavorable)</u> |
|---|---------------|---------------------|---|
| <u>IN-HOME SERVICES:</u> | | | |
| Salaries | \$ 11,374 | \$ 1,940 | \$ 9,434 |
| Fringe | 956 | 170 | 786 |
| Travel | 1,083 | 1,004 | 79 |
| Operating services | 146 | 94 | 52 |
| Operating supplies | 25 | 11 | 14 |
| Other costs | 14 | 8 | 6 |
| Capital outlay | - | - | - |
| Totals | \$ 13,598 | \$ 3,227 | \$ 10,371 |
| <u>OMBUDSMAN:</u> | | | |
| Salaries | \$ 4,000 | \$ 3,369 | \$ 631 |
| Fringe | 213 | 29 | 184 |
| Travel | 300 | 529 | (229) |
| Operating services | 200 | 129 | 71 |
| Operating supplies | 78 | 14 | 64 |
| Other costs | 19 | 10 | 9 |
| Capital outlay | - | 5 | (5) |
| Totals | \$ 4,810 | \$ 4,085 | \$ 725 |
| <u>TITLE III C ADMINISTRATION:</u> | | | |
| Salaries | \$ 10,143 | \$ 10,301 | \$(158) |
| Fringe | 853 | 1,470 | (617) |
| Travel | 1,488 | 1,127 | 361 |
| Operating services | 6,000 | 6,746 | (746) |
| Operating supplies | 2,350 | 1,198 | 1,152 |
| Other costs | 824 | 502 | 322 |
| Capital outlay | 2,100 | 382 | 1,718 |
| Totals | \$ 23,758 | \$ 21,726 | \$ 2,032 |
| <u>TITLE III-B SUPPORTIVE SERVICES:</u> | | | |
| Salaries | \$ 110,415 | \$ 100,719 | \$ 9,696 |
| Fringe | 9,000 | 8,685 | 315 |
| Travel | 4,700 | 5,286 | (586) |
| Operating services | 28,248 | 31,577 | (3,329) |
| Operating supplies | 9,896 | 10,579 | (683) |
| Other costs | 3,716 | 3,376 | 340 |
| Capital outlay | 700 | 154 | 546 |
| Totals | \$ 166,675 | \$ 160,376 | \$ 6,299 |

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>Budget</u> | <u>Actual</u> | <u>Variance - Favorable (Unfavorable)</u> |
|----------------------------------|---------------|---------------|---|
| <u>ENERGY FUND:</u> | | | |
| Salaries | | \$ | \$ |
| Fringe | | | |
| Meals | | | |
| Travel | | | |
| Operating services | No | | |
| Operating supplies | Budget | 959 | |
| Other costs | Adopted | | |
| Utility assistance | | | |
| | | | |
| Totals | \$ | \$ 959 | \$ |
| <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 | \$ 14,714 | \$ 2,286 |
| Transfers to Title III C-2 | 23,000 | 19,504 | 3,496 |
| | | | |
| Totals | \$ 40,000 | \$ 34,218 | \$ 5,782 |
| <u>PREVENTIVE HEALTH:</u> | | | |
| Salaries | \$ 147 | \$ 147 | \$ - |
| Fringe | 12 | 22 | (10) |
| Travel | 164 | 143 | 21 |
| Operating services | 144 | 95 | 49 |
| Operating supplies | 6,442 | 12 | 6,430 |
| Other costs | 1,470 | 1,303 | 167 |
| Capital outlay | 2,200 | 2,622 | (422) |
| | | | |
| Totals | \$ 10,579 | \$ 4,344 | \$ 6,235 |

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>Budget</u> | <u>Actual</u> | Variance - Favorable (Unfavorable) |
|---------------------------------|------------------|------------------|--|
| <u>FEMA:</u> | | | |
| Salaries | | | |
| Fringe | | | |
| Travel | | | |
| Operating services | 4,567 | 5,984 | (1,417) |
| Operating supplies | | | |
| Other costs | | | |
| | | | |
| Totals | <u>\$ 4,567</u> | <u>\$ 5,984</u> | <u>\$(1,417)</u> |
| <u>MISCELLANEOUS GRANT:</u> | | | |
| 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>4,500</u> | <u>-</u> | <u>4,500</u> |
| | | | |
| 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, 1999

| | | | |
|---|-----------------------------|------------------|----------------|
| Access (30%): | Case Management | \$ 2,541 | |
| | Transportation | 68,780 | |
| | Information & Assistance | 2,348 | |
| | Outreach | <u>5,388</u> | |
| | Total access expenses | 79,057 | <u>191.18%</u> |
| In-Home (15%): | Homemaker | 50,564 | <u>122.27%</u> |
| Legal (5%): | Legal assistance | 2,838 | <u>6.85%</u> |
| Non-priority services | | <u>27,917</u> | |
| Total Title III-B Supportive service expenditures | | 160,376 | |
| Less: Participant contributions | | (4,671) | |
| Transfers in | | <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> | |

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, 1998 | Additions (Deletions) | Balance June 30, 1999 |
|--|-----------------------------|--------------------------|-----------------------------|
| General Fixed Assets, at Cost: | | | |
| Buildings and Land | \$ 46,711 | \$ 125,805 | \$ 172,516 |
| Vehicles | 121,817 | 23,789 | 145,606 |
| Furniture and equipment | 40,947 | 8,178 | 49,125 |
| Totals | <u>\$ 209,475</u> | <u>\$ 157,772</u> | <u>\$ 367,247</u> |
| Investment in General Fixed Assets: | | | |
| Property acquired prior to 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 Ombudsman | 1,250 | - | 1,250 |
| Section 18 | 1,967 | 5 | 1,972 |
| Act 735 | 84,561 | 23,789 | 108,350 |
| General Fund | 644 | - | 644 |
| Totals | <u>\$ 209,475</u> | <u>\$ 130,527</u> | <u>\$ 204,377</u> |
| Totals | <u>\$ 209,475</u> | <u>\$ 157,772</u> | <u>\$ 367,247</u> |

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 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, 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 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. The reportable condition is 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 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.

Marsha D. Sullivan

Certified Public Accountant
September 20, 1999

DESOTO COUNCIL ON AGING, INC.

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. |

DESOTO COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs
June 30, 1999

| <u>Finding/Noncompliance</u> | <u>Questioned Costs</u> |
|--|-----------------------------|
| Finding #1 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 agree with the finding. | |