

DESOTO COUNCIL ON AGING, INC.

Mansfield, Louisiana

FINANCIAL STATEMENTS

June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 5-17-06

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

DESOTO COUNCIL ON AGING, INC.

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Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
DeSoto Council on Aging, Inc.
Mansfield, Louisiana 71052

I was engaged to audit the accompanying government wide financial statements and fund financial statements of DeSoto Council on Aging, Inc, as of June 30, 2005, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management.

I was unable to obtain sufficient, competent evidential matter regarding the assets, liabilities, revenue and expenditures due to inadequate accounting records.

Because of the significance of the matters discussed in the preceding paragraph, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the financial statements referred to in the first paragraph.

The required supplementary information on pages 32 through 36 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Because of the significance of the matters discussed in the second paragraph, the scope of my work was not sufficient to enable me to express, and I do not express, and opinion on the required supplementary information.

In accordance with Government Auditing Standards, I have also issued a report dated May 4, 2006 on my consideration of DeSoto Council on Aging, Inc's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

DeSoto Council on Aging, Inc. has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

I was engaged for the purpose of forming opinions on the financial statements that collectively comprise DeSoto Council on Aging, Inc.'s basic financial statements. The accompanying supplemental information listed in the table of contents as other supplementary information on pages 37 and 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matters discussed in the second paragraph, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the accompanying supplemental information listed in the table of contents as other supplementary information.

Marsha D. Milligan

Certified Public Accountant
May 4, 2006

DESOTO COUNCIL ON AGING, INC.

Government Wide Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
Assets	
Cash	\$ 25,065
Grants and contracts receivable	84,333
Deposits on vans	4,056
Capital assets, net of accumulated depreciation	<u>151,849</u>
Total assets	<u>\$ 265,303</u>
Liabilities	
Accounts payable	\$ 153,964
Payroll liabilities	5,808
Due to funding agency	2,679
Notes payable - current	14,566
Notes payable - long term	<u>31,617</u>
Total liabilities	<u>\$ 208,634</u>
Net Assets	
Invested in Capital Assets, net of debt	\$ 105,666
Restricted for:	
Utility assistance	5,216
FEMA	2,937
Unrestricted	<u>(170,488)</u>
Total Net Assets	<u>\$ 56,669</u>

The accompanying notes are an integral part of this statement.

DESOTO COUNCIL ON AGING, INC.

GOVERNMENT WIDE STATEMENT OF ACTIVITIES

For the year ended June 30, 2005

	Direct Expenses	Indirect Expenses	Charges For	Program Revenues		Net (Expenses) Revenues and Increases (Decrease) in Net Assets
			Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
<u>Functions/Programs</u>						
Governmental Activities						
Health, Welfare & Social Services:						
Supporting Services:						
Other Services						
Homemaker	9,378	3,265	-	9,733	-	(2,910)
Information and Assistance	62,867	21,920	-	55,411	-	(29,376)
Legal Assistance	2,779	933	-	2,358	-	(1,354)
Outreach	3,050	-	-	3,050	-	-
Transportation	1,241	466	-	1,178	-	(529)
Nutrition Services:	279,922	38,611	-	280,899	-	(37,634)
Congregate Meals	109,255	15,993	-	101,430	-	(23,818)
Home Delivered Meals	129,867	19,912	-	110,144	-	(39,635)
Utility Assistance	445	-	-	928	-	483
Disease Prevention and Health Promotion	4,257	1,134	-	3,952	-	(1,439)
National Family Caregiver Support	25,602	5,820	-	29,770	-	(1,652)
Medicaid Waiver	171,249	15,252	-	117,631	-	(68,870)
Administration	150,351	(123,306)	-	27,045	-	-
Total governmental activities	\$ 950,263	\$ -	\$ -	\$ 743,529	\$ -	\$ (206,734)

General Revenues:

Grants and contributions not restricted to specific programs	19,491
Miscellaneous	20,260
Total general revenues and special items	39,751
Increase (Decrease) in net assets	(166,983)
Net assets - beginning of the year	223,652
Net assets - end of the year	\$ 56,669

The accompanying notes are an integral part of this statement.

DeSoto Council on Aging, Inc.
Balance Sheet
Governmental Funds

June 30, 2005

	General Fund	Title IIIB	Title IIIC-1	Title III C-2	Section 18	Non-Major Funds	Total
Assets							
Cash	\$ 22,129	\$ -	\$ -	\$ -	\$ -	\$ 2,936	\$ 25,065
Grants and contracts receivable	53,667	-	-	-	27,587	3,079	84,333
Deposits on vans	4,056	-	-	-	-	-	4,056
Due from other funds	22,770	-	-	-	-	4,817	27,587
Total Assets	\$ 102,622	\$ -	\$ -	\$ -	\$ 27,587	\$ 10,832	\$ 141,041
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	153,964	-	-	-	-	-	153,964
Payroll liabilities	5,808	-	-	-	-	-	5,808
Due to funding agency	-	-	-	-	-	2,679	2,679
Due to other funds	-	-	-	-	27,587	-	27,587
Total Liabilities	159,772	-	-	-	27,587	2,679	190,038
Fund Balances:							
Reserved for:							
Utility assistance	-	-	-	-	-	5,216	5,216
FEMA	-	-	-	-	-	2,937	2,937
Unreserved//Undesignated:							
General Fund	(57,150)	-	-	-	-	-	(57,150)
Special Revenue Fund	-	-	-	-	-	-	-
Total Fund Balances	(57,150)	-	-	-	-	8,153	(48,997)
Total Liabilities and Fund Balances	\$ 102,622	\$ -	\$ -	\$ -	\$ 27,587	\$ 10,832	\$ 141,041

Amounts reported for governmental activities in the statement of net assets are different because:

- Notes payable not recorded as revenue in the government wide funds (46,183)
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 151,849

Net Assets of Governmental Activities
\$ 56,669

The accompanying notes are an integral part of this statement.

DESOTO COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2005

	<u>General</u>	<u>Supportive Services</u>	<u>C-1</u>
<u>REVENUES</u>			
Intergovernmental:			
Governor's Office of			
Elderly Affairs	\$21,048	\$120,945	\$ 60,960
Federal Emergency			
Management Agency	-	-	-
Louisiana Department of			
Transportation and			
Development	54,934	-	-
Social Services	9,255	-	-
Health and Hospitals	117,631		
Public Support:			
Unrestricted	19,491		
Restricted - Utility			
Programs	-	-	-
Client Contributions	-	6,024	6,647
Miscellaneous	20,260	-	-
Total revenues	<u>242,619</u>	<u>126,969</u>	<u>67,607</u>
 <u>EXPENDITURES</u>			
Salaries	217,200	99,290	34,151
Fringe	16,498	17,590	2,656
Travel	1,494	11,399	503
Operating services	55,384	24,741	2,084
Operating supplies	21,754	1,556	1,211
Other costs	87,163	1,206	522
Meals	-	-	73,878
Utility assistance	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>399,493</u>	<u>155,782</u>	<u>115,005</u>
Excess (deficiency) of			
revenues over			
expenditures	(156,874)	(28,813)	(47,398)
 <u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	-	28,813	47,398
Operating transfers out	<u>(9,819)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of			
revenues and other			
sources over			
expenditures and			
other uses	(166,693)	-	-
 <u>FUND BALANCES (DEFICIT)</u>			
Beginning of year	<u>109,543</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ (57,150)</u>	<u>\$ -</u>	<u>\$ -</u>

<u>C-2</u>	<u>Section 18</u>	<u>Non Major Funds</u>	<u>Totals</u>
\$51,302	\$ -	\$ 150,325	\$ 404,580
-	-	6,632	6,632
-	125,672	-	180,606
-	-	-	9,255
-	-	-	117,631
-	-	-	19,491
-	-	928	928
5,487	5,739	-	23,897
-	-	-	20,260
<u>56,789</u>	<u>131,411</u>	<u>157,885</u>	<u>783,280</u>
35,239	32,322	49,559	467,761
2,736	2,407	3,887	45,774
4,974	14	27	18,411
7,599	21,956	20,158	131,922
2,218	10,103	963	37,805
631	133	1,332	90,987
80,180	-	-	154,058
-	-	483	483
-	-	-	-
<u>133,577</u>	<u>66,935</u>	<u>76,409</u>	<u>947,201</u>
(76,788)	64,476	81,476	(163,921)
76,788	-	1,842	154,841
-	(64,476)	(80,546)	(154,841)
-	-	2,772	(163,921)
-	-	5,381	114,924
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,153</u>	<u>\$ (48,997)</u>

DESOTO COUNCIL ON AGING, INC.

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities

Year Ended June 30, 2005

Net Increase (Decrease) in fund balances total governmental funds \$(163,921)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$ -) exceed depreciation (\$13,471) in the current period (13,471)

The repayment of long-term debt consumes the current financial resources of governmental funds. The repayment of debt is not an expenditure in the statement of activities 10,409

Increase (Decrease) of net assets of governmental activities \$(166,983)

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies:

A. Purpose of the Council on Aging:

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in DeSoto Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish; to provide for a mutual exchange of ideas and information on the parish and state level; to conduct public meetings to make recommendations for needed improvements and additional resources; to promote the welfare of aging people when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Specific services provided by the Council to the elderly residents of DeSoto Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, utility assistance, homemakers, recreation, legal assistance, health promotion, and transportation.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Reporting Entity:

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. However, before the council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and are governed by the policies and regulations established by GOEA.

DeSoto Council on Aging is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations on July 1, 1971.

A board of directors, consisting of 13 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected annually in the following manner:

Board members are elected by general membership of the council on aging. The board is composed of a balanced representation of the community's composition, having no more than one-half of the board as elected officials.

DESOTO VOLUNTARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Reporting Entity: - (Continued)

Membership in the Council is open at all times, without restriction, to all residents of DeSoto Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, the DeSoto Council on Aging is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Codification section 2100, the council has presented its financial statements as a primary government, because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the council may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. Included in its policies is a provision that the Council's budget be approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the council and is more ministerial or compliance oriented than substantive.

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Presentation of Statements:

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The council has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Council has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Council are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- The financial statements include:

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies - (Continued)

C. Presentation of Statements (Continued)

- Governmental-Wide Financial statements prepared using full accrual accounting for all of the Council's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Council has elected to implement the general provisions of the GASB Statement 34 in the current year.

D. Basic Financial Statements - Government-Wide Statements

The Council's basic financial statements include both Government-Wide (reporting the Council as a whole) and fund financial statements (reporting the Council's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. The Council's functions and programs have been classified as governmental activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the Government-Wide financial statements - do not include any of these activities or funds.

In the Government-Wide Statement of Net Assets, the governmental type activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies - (Continued)

**D. Basic Financial Statements - Government-Wide Statements
(Continued)**

net assets. Invested in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net assets include all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Council's policy is to use restricted resources first to finance its activities except for nutrition services. When providing nutrition services, revenues earned by the Council under its NSI contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the NSI revenues when paying for nutrition program costs. Quite often unrestricted resources are available for use that must be consumed or they will have to be returned to GOEA. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, the Council will depart from its usual policy of using restricted resources first.

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted net investment

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies - (Continued)

D. Basic Financial Statements - Government-Wide Statements (Continued)

income, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

The Council allocates its indirect costs among various functions and programs in accordance with Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect cost allocation." In addition, GOEA provides grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA funds are allocated to the Council's other functions and programs.

The Government-Wide Statements focus upon the Council's ability to sustain operations and the change in its net assets resulting from the current year's activities.

E. Basic Financial Statements - Fund Financial Statements:

The financial transactions of the Council are reported in individual funds in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies:
(Continued)

**E. Basic Financial Statements - Fund Financial
Statements (Continued)**

are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies
(Continued)

E. Basic Financial Statements: Fund Financial Statements (Continued)

The following is a description of the governmental funds of the Council:

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.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's office of Elderly Affairs, which in turn "passes through" the funds to the council.

The Council has established several special revenue funds. The following is a brief, description of each special revenue fund's purpose:

Major Special Revenue Funds

The Title III B Fund is used to account for funds, which are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for defining a qualifying

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies
(Continued)

**E. Basic Financial Statements - Fund Financial
Statements (Continued)**

unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
• Information and Assistance	293
• Outreach	150
• Homemaker	6,009
• Recreation	7,716
• Transportation for people age 60 or older	6,077
• Legal	61
• Caregiver	1,005

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound older persons. Using Title III C-2 funds the Council served 32,651 meals during the year to people eligible to participate in this program.

The Section 18 Funds are provided by the U. S. Department of Transportation through the Louisiana Department of Transportation and Development (DOTD.) Fund received by the Council are based on actual operating costs of providing transportation services to rural residents within DeSoto Parish. As part of calculating the operating costs of this program, the Council may apportion some of the in-kind contributions it receives as allowable transportation expenses. This provision results in the Council receiving cash reimbursement for costs that did not spend cash for. Section 18 funds are used as operating transfers to help pay for costs incurred in providing transportation services under the Council's various transportation programs.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies
(Continued)

E. Basic Financial Statements - Fund Financial Statements (Continued)

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to the elderly at meal sites located in Baton Rouge and surrounding areas. During the year the Council served 29,814 meals to people eligible to participate in this program.

Non-Major Special Revenue Funds

The Title III E Care-giver Fund provides systems of support services for family care-givers and for older individuals who are relative care-givers.

The Title III C Area Agency Administration Fund is used to account for a portion of the indirect costs of administering the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the elderly. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bear to direct costs for all programs.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

**Note 1 - Summary of Significant Accounting Policies
(Continued)**

**E. Basic Financial Statements - Fund Financial
Statements (Continued)**

The Title III D Fund is used to account for funds used for disease prevention and health promotion activities. During the year 2,412 units of wellness service were provided to eligible participants in this program.

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior center for DeSoto Parish is located in Mansfield. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, during the fiscal year, the Senior Center Fund transferred all of its grant revenue to the Title III C-1 and C-2 Funds to subsidize those program's cost of providing meals to the elderly of DeSoto Parish.

The Nutritional Services Incentive Fund is used to account for the administration of the Food Distribution Program provided by the United State Department of Agriculture through the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. GOEA distributes funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. The primary purpose of the NSI reimbursement is to provide money

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

**Note 1 - Summary of Significant Accounting Policies
(Continued)**

**E. Basic Financial Statements - Fund Financial
Statements (Continued)**

to the Council so that United States food and commodities may be purchased to supplement nutrition programs.

The Utility Assistance Fund is used to account for the administration of utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging to provide assistance to the elderly for the payment of utility bills. The Council receives its Project Care donations directly from Entergy Corporation. LP&L Helping Hands donations are provided through the Louisiana Association of councils on Aging, Inc. (LACOA).

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. The cost allocated to this fund is equal to the GOEA supplement. Excess audit costs have been distributed to other funds and programs using the Council's indirect cost allocation formula.

The Supplemental Senior Center Fund was established to account for funds that were appropriated by the Louisiana Legislature for the various councils on aging throughout Louisiana to supplement each council's primary grant for senior center operations and activities. The DeSoto Council on Aging, Inc. was one of the parish councils to receive a supplemental grant of \$29,325.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies
(Continued)

E. Basic Financial Statements - Fund Financial Statements (Continued)

The money received by this fund during the year was transferred to the Title III-B to supplement costs in that fund.

F. Measurement Focus and Basis of Accounting:

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual Basis - Government-Wide Statements (GWFS):

The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

2. Modified Accrual Basis - Fund Financial Statements (FFS):

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Basic Financial Statements - Fund Financial Statements (Continued)

the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The Council considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

G. Interfund Activity:

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets in the Government-Wide Financial Statements.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies
(Continued)

H. Cash and Cash Equivalents:

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

I. Capital Assets:

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	40 years
Building Improvements	20 years
Equipment	5-7 years
Vehicles	5 years
Computers	3 years

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies
(Continued)

J. Unpaid Compensated Absences:

The Council's policies for vacation time do not permit employees to accumulate earned but unused vacation leave. Accordingly, no liability for the unpaid vacation leave has been recorded in the Government-Wide Statements.

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of, employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the Government-Wide Financial Statements relative to sick leave.

K. Allocation of Indirect Expenses:

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies
(Continued)

L. Management's Use of Estimates:

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

M. Elimination and Reclassifications:

In the process of aggregating data for the Statement of Net Assets and, the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Note 2 - Revenue Recognition

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 3 - Cash

The Council maintains a consolidated bank account to deposit most of the monies it collects and to pay its bills. The consolidated bank account is available for use by all funds. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

At year-end, the carrying amount of the Council's cash balances on the books (exclusive of petty cash of \$236) was \$24,829 whereas the related bank cash balances totaled \$30,086. The difference in the book and bank balances for cash relates primarily to deposits made and checks written which did not clear the bank accounts by year-end. All bank balances were covered by federal depository insurance.

Note 4 - Government Grants and Contracts Receivable

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year-end. Government grants and contracts receivable at year-end, consist of reimbursements for expenses incurred under the following programs:

Local:	
Section 18	\$27,587
Local Transportation	9,095
Local Personal Care Attendant	37,721
NSI	3,079
Miscellaneous Other	<u>6,851</u>
Total	<u>\$ 84,333</u>

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 5 - Changes in Capital Assets

A summary of changes in capital assets is as follows:

	Balance				Balance
<u>Capital Assets</u>	<u>07-01-04</u>	<u>Increases</u>	<u>Decreases</u>		<u>06-30-05</u>
Building and					
Land	\$ 125,806	\$ -	\$ -		\$ 125,806
Building					
Improvements	46,710	-	-		46,710
Vehicles	109,612	-	-		109,612
Furniture &					
Equipment	<u>32,775</u>	<u>-</u>	<u>-</u>		<u>32,775</u>
Subtotal	<u>314,903</u>	<u>-</u>	<u>-</u>		<u>314,903</u>
Accumulated Depreciation:					
Building	15,871	2,645	-		18,516
Building					
Improvements	16,348	2,335	-		18,683
Vehicles	84,589	8,491	-		93,080
Furniture \$					
Equipment	<u>32,775</u>	<u>-</u>	<u>-</u>		<u>32,775</u>
Subtotal	<u>149,583</u>	<u>13,471</u>	<u>-</u>		<u>163,054</u>
Net Assets	<u>\$ 165,320</u>	<u>\$ 13,471</u>	<u>\$ -</u>		<u>\$ 151,849</u>

Depreciation was charged to governmental activities as follows:

Administrative	\$ 5,480
Supportive Services	<u>7,991</u>
Total	<u>\$ 13,471</u>

Note 6 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for any out-of-pocket costs they might incur on behalf of the council in accordance with the Council's applicable reimbursement policy.

Note 7 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code. It is also exempt from Louisiana income tax.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 8 - Economic Dependency

The Council receives the majority of its revenue through grants administered by the Louisiana Governor's office of Elderly Affairs (GOEA), and the Louisiana Department of Transportation and Development (DOTD). 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 funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the council, will receive in the next fiscal year.

Note 9 - Interfund Receivables and Payables

Because the Council operates most of its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans in the Fund Financial Statements. A summary of these interfund loans at year end, is as follows:

	Due From <u>Other Funds</u>	Due to <u>Other Funds</u>
Major Funds:		
General Fund	\$ 22,770	\$ -
Section 18	-	27,587
Non Major Funds	<u>4,817</u>	<u>-</u>
 Total	 <u>\$ 27,587</u>	 <u>\$ 27,587</u>

These loans have been eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 10 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or 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. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

Note 11 - Interfund Transfers

Interfund transfers to Title III Funds are listed by fund for the fiscal year as follows:

	<u>Funds Transferred To</u>					<u>Total</u>
	<u>Title</u>	<u>Title</u>	<u>Title</u>	<u>Title</u>	<u>Audit</u>	
	<u>IIIB</u>	<u>III C-1</u>	<u>III C-2</u>	<u>III D</u>		
<u>Transfer From</u>						
PCOA	\$ 1,950	\$ 1,140	\$ 16,116	\$ 998	\$ 844	\$ 21,048
General Fund	<u>26,863</u>	<u>12,435</u>	<u>13,949</u>	<u>-</u>	<u>-</u>	<u>53,247</u>
Total General	<u>28,813</u>	<u>13,575</u>	<u>30,065</u>	<u>998</u>	<u>844</u>	<u>74,295</u>
Special Revenue Funds:						
Section 18	-	-	-	-	-	-
Non-Major Funds:						
NSI	-	19,161	19,161	-	-	38,322
Senior Center	-	-	12,899	-	-	12,899
Supplemental						
Sr Center	<u>-</u>	<u>14,662</u>	<u>14,663</u>	<u>-</u>	<u>-</u>	<u>29,325</u>
Total Special						
Revenue	<u>-</u>	<u>33,823</u>	<u>46,723</u>	<u>-</u>	<u>-</u>	<u>80,546</u>
Total all	<u>\$ 28,813</u>	<u>\$ 47,398</u>	<u>\$ 76,788</u>	<u>\$ 998</u>	<u>\$ 844</u>	<u>\$ 154,841</u>

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 11 - Interfund Transfers (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

Note 12 - Related Party Transactions

There were no significant related party transactions during the year.

Note 13 - Notes Payable

Notes payable at June 30, 2005 consisted of the following:

Note payable to a bank, dated February 2, 1999, bearing interest at 8%, due in monthly installments of \$1,214, due February 4, 2009 collateralized by building	\$ 46,183
Less: due in one year	<u>(14,566)</u>
Notes payable - due after one year	<u>\$ 31,617</u>

Maturities of notes payable including interest of \$4,793 are as follows: June 30, 2006 - 14,566; June 30, 2007 - 14,566; June 30, 2008 - 14,566; June 30, 2009 - 7,278.

Note 14 - In - Kind Contributions

The Council received various in-kind contributions during the year. No amounts have been reflected in the accompanying financial statements for in-kind contributions in as much as the in-kind contributions do not create a nonfinancial asset.

DESOTO COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 15 - Contingencies

During the year ended June 30, 2005, the Council incurred a net loss of \$163,291. At June 30, 2005, current liabilities exceeded current assets by \$53,053. The ability of the Council to continue is dependent upon its ability to generate operating revenues sufficient to cover operating expenses.

DESOTO COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> GAAP <u>Basis</u>	<u>Final Budget</u> Favorable <u>(Unfavorable)</u>
REVENUES				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 21,048	\$ 21,048	21,048	\$ -
Transportation and Development	42,345	31,345	54,934	23,589
Health and Hospitals	165,067	165,067	117,631	(47,436)
Social Services	21,171	21,171	9,255	(11,916)
Public Support	-	-	19,491	19,491
Miscellaneous	-	-	20,260	20,260
Total Revenues	<u>249,631</u>	<u>249,631</u>	<u>242,619</u>	<u>(7,012)</u>
EXPENDITURES				
Current:				
Personnel	153,658	153,658	217,200	(63,542)
Fringe	12,494	11,494	16,498	(5,004)
Travel	1,447	1,447	1,494	(47)
Operating Services	48,294	48,294	55,384	(7,090)
Operating Supplies	3,316	3,316	21,754	(18,438)
Other Costs	9,374	10,374	87,163	(76,789)
Capital outlay	-	-	-	-
Total Expenditures	<u>228,583</u>	<u>228,583</u>	<u>399,493</u>	<u>(170,910)</u>
Excess (deficiency) of revenues over expenditures	<u>21,048</u>	<u>21,048</u>	<u>(156,874)</u>	<u>(177,922)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(21,048)	(21,048)	(9,819)	11,229
Total other financing sources and uses	<u>(21,048)</u>	<u>(21,048)</u>	<u>(9,819)</u>	<u>11,229</u>
Net increase (decrease) in fund balances	-	-	(166,693)	(166,693)
FUND BALANCES				
Beginning of year,	<u>109,543</u>	<u>109,543</u>	<u>109,543</u>	<u>-</u>
End of year	<u>\$109,543</u>	<u>\$109,543</u>	<u>\$ (57,150)</u>	<u>\$ (166,693)</u>

DeSoto Council on Aging, Inc.

Budgetary Comparison Schedule - Supportive Services Fund

For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental				
Governor's Office of Elderly Affairs	\$120,945	\$120,945	\$ 120,945	\$ -
Public Support	<u>4,738</u>	<u>7,643</u>	<u>6,024</u>	<u>(1,619)</u>
Total Revenues	<u>125,683</u>	<u>128,588</u>	<u>126,969</u>	<u>(1,619)</u>
EXPENDITURES				
Current:				
Personnel	93,878	92,463	99,290	(6,827)
Fringe	8,402	7,692	17,590	(9,898)
Travel	8,575	11,366	11,399	(33)
Operating Services	22,844	26,227	24,741	1,486
Operating Supplies	6,385	10,251	1,556	8,695
Other Costs	<u>4,012</u>	<u>3,535</u>	<u>1,206</u>	<u>2,329</u>
Total Expenditures	<u>144,096</u>	<u>151,534</u>	<u>155,782</u>	<u>(4,248)</u>
Excess (deficiency) of revenues over expenditures	<u>(18,413)</u>	<u>(22,946)</u>	<u>(28,813)</u>	<u>(5,867)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	18,413	22,946	28,813	5,867
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>18,413</u>	<u>22,946</u>	<u>28,813</u>	<u>5,867</u>
Net increase (decrease) in fund balances	-	-	-	-
FUND BALANCES				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DESOTO COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - Title III C-1 Fund

For the year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 60,960	\$ 60,960	\$ 60,960	\$ -
Public Support	<u>10,280</u>	<u>7,602</u>	<u>6,647</u>	<u>(955)</u>
Total Revenues	<u>71,240</u>	<u>68,562</u>	<u>67,607</u>	<u>(955)</u>
EXPENDITURES				
Current:				
Personal	34,747	34,015	34,151	(136)
Fringe	3,110	2,817	2,656	161
Travel	206	59	503	(444)
Operating Services	6,004	4,732	2,084	2,648
Operating Supplies	1,009	1,725	1,211	514
Other Costs	165	142	522	(380)
Meals	<u>72,900</u>	<u>75,381</u>	<u>73,878</u>	<u>1,503</u>
Total Expenditures	<u>118,141</u>	<u>118,871</u>	<u>115,005</u>	<u>3,866</u>
Excess (deficiency) of revenues over expenditures	<u>(46,901)</u>	<u>(50,309)</u>	<u>(47,398)</u>	<u>2,911</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	46,901	50,309	47,398	(2,911)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>46,901</u>	<u>50,309</u>	<u>47,398</u>	<u>(2,911)</u>
Net increase (decrease) in fund balances	-	-	-	-
FUND BALANCES				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DESOTO COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - Title III C-2 Fund

For the Year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 51,302	\$ 51,302	\$ 51,302	\$ -
Public Support	8,386	7,064	5,487	(1,577)
Total Revenues	<u>59,688</u>	<u>58,366</u>	<u>56,789</u>	<u>(1,577)</u>
EXPENDITURES				
Current:				
Personnel	34,133	33,705	35,239	(1,534)
Fringe	3,055	2,812	2,736	76
Travel	5,027	7,339	4,974	2,365
Operating Services	10,382	12,027	7,599	4,428
Operating Supplies	3,100	5,053	2,218	2,835
Other Costs	203	198	631	(433)
Meals	72,900	75,381	80,180	(4,799)
Capital outlay	-	-	-	-
Total Expenditures	<u>128,800</u>	<u>136,515</u>	<u>133,577</u>	<u>2,938</u>
Excess (deficiency) of revenues over expenditures	(69,112)	(78,149)	(76,788)	1,361
OTHER FINANCING SOURCES (USES)				
Transfers in	69,112	78,149	76,788	(1,361)
Transfers out	-	-	-	-
Total other financing sources and uses	<u>69,112</u>	<u>78,149</u>	<u>76,788</u>	<u>(1,361)</u>
Net increase (decrease) in fund balances		-	-	-
FUND BALANCES				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DESOTO COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - Section 18

For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental				
Transportation and Development	\$148,207	\$148,207	\$ 125,672	\$ (22,535)
Public Support	-	-	5,739	5,739
Total Revenues	<u>148,207</u>	<u>148,207</u>	<u>131,411</u>	<u>(16,796)</u>
EXPENDITURES				
Current:				
Personnel	57,925	52,925	32,322	20,603
Fringe	4,710	4,710	2,407	2,303
Travel	12	12	14	(2)
Operating Services	67,345	67,345	21,956	45,389
Operating Supplies	23,215	23,215	10,103	13,112
Other Costs	-	-	133	(133)
Capital outlay	-	-	-	-
Total Expenditures	<u>148,207</u>	<u>148,207</u>	<u>66,935</u>	<u>81,272</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>64,476</u>	<u>64,476</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(-)	(-)	(64,476)	(64,476)
Total other financing sources and uses	<u>(-)</u>	<u>(-)</u>	<u>(64,476)</u>	<u>(64,476)</u>
Net increase (decrease) in fund balances	-	-	-	-
FUND BALANCES				
Beginning of year, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DESOTO COUNCIL ON AGING, INC.

Combining Statement of Program Revenues, Expenditures
and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2005

	Area Agency Admin.	IIID	IIIE	FEMA
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 24,872	\$ 3,952	\$ 29,770	\$ -
Federal Emergency Management Agency	-	-	-	6,632
Public Support:				
Restricted - Utility Programs	-	-	-	-
Client Contributions	-	-	-	-
Total revenues	<u>24,872</u>	<u>3,952</u>	<u>29,770</u>	<u>6,632</u>
<u>EXPENDITURES</u>				
Salaries	11,897	4,430	25,292	-
Fringe	905	312	2,072	-
Travel	27	-	-	-
Operating services	10,858	174	1,401	4,305
Operating supplies	750	21	146	-
Other costs	435	13	859	-
Meals	-	-	-	-
Utility assistance	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>24,872</u>	<u>4,950</u>	<u>29,770</u>	<u>4,305</u>
Excess (deficiency) of revenues over expenditures	-	(998)	-	2,327
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	-	998	-	-
Operating transfers out	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	2,327
<u>FUND BALANCES (DEFICIT)</u>				
Beginning of year,	-	-	-	610
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,937</u>

<u>NFS</u>	<u>Audit</u>	<u>Senior Center</u>	<u>Supple. Senior Center</u>	<u>Utility Assistance Fund</u>	<u>Totals</u>
\$ 38,322	\$ 2,156	\$21,928	\$ 29,325	\$ -	\$ 150,325
-	-	-	-	-	6,632
-	-	-	-	928	928
<u>38,322</u>	<u>2,156</u>	<u>21,928</u>	<u>29,325</u>	<u>928</u>	<u>157,885</u>
-	-	7,940	-	-	49,559
-	-	598	-	-	3,887
-	-	-	-	-	27
-	3,000	420	-	-	20,158
-	-	46	-	-	963
-	-	25	-	-	1,332
-	-	-	-	-	-
-	-	-	-	483	483
-	-	-	-	-	-
<u>-</u>	<u>3,000</u>	<u>9,029</u>	<u>-</u>	<u>483</u>	<u>76,409</u>
38,322	(844)	12,899	29,325	445	81,476
-	844	-	-	-	1,842
<u>(38,322)</u>	<u>-</u>	<u>(12,899)</u>	<u>(29,325)</u>	<u>-</u>	<u>(80,546)</u>
-	-	-	-	445	2,772
-	-	-	-	4,771	5,381
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,216</u>	<u>\$ 8,153</u>

DESOTO COUNCIL ON AGING, INC.

Statement of General Fixed Assets
 And Changes in General Fixed Assets
 For the Year Ended June 30, 2005

	Balance June 30, <u>2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2005</u>
General Fixed Assets, at cost:				
Building & Land	\$ 172,515	\$ -	\$ -	\$ 172,515
Vehicles	111,776	-	-	111,776
Furniture & Fixtures	<u>30,612</u>	<u>-</u>	<u>-</u>	<u>30,612</u>
Total	<u>\$ 314,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,903</u>
Investment in General Fixed Assets:				
Title III C-1	\$ 752	\$ -	\$ -	\$ 752
Title III C-2	584	-	-	584
Senior Center	72	-	-	72
Ombudsman	9	-	-	9
Title III C Administrative	1,974	-	-	1,974
Title III B Supportive				
Services	2,262	-	-	2,262
Title III D In Home Services	1,127	-	-	1,127
Section 18	836	-	-	836
Section 16	46,605	-	-	46,605
Section 3	38,830	-	-	38,830
Local	<u>221,852</u>	<u>-</u>	<u>-</u>	<u>221,852</u>
Total	<u>\$ 314,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,903</u>



Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

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

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

I was engaged to audit the accompanying government wide financial statements and fund financial statements for DeSoto Council on Aging, Inc as of and for the year ended June 30, 2005. I was unable to obtain sufficient, competent evidential matter regarding assets, liabilities, revenue and expenditures due to the failure of the Council to maintain adequate accounting records.

Because of the significance of the matters discussed in the preceding paragraph, the scope of my work was not sufficient to enable me to express, and I did not express, an opinion on the financial statements for DeSoto Council on Aging, Inc. as of and for the year ended June 30, 2005.

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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings as Findings #2005-01, 2005-02, 2005-03, 2005-04, and 2005-05.

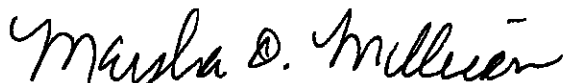
Internal Control Over Financial Reporting

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 certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. 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 conditions are described in the accompanying schedule of findings as Findings 2005-1, 2005-2, 2005-3, 2005-4, and 2005-5.

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 Findings 2005-1, 2005-2, 2005-3 and 2005-4 to be material weaknesses.

This report is intended for the information and use of management, the Board of Directors and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountant
May 4, 2006

DESOTO COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS

Year Ended June 30, 2005

Finding #2005-1:

Condition: The segregation of duties is inadequate to maintain effective internal control.

The Council's executive director resigned during the year. The Council promoted the Council's assistant director to the executive director position. The Council voted to engage an outside bookkeeper for a monthly fee. However, an outside bookkeeper was not engaged, and the bookkeeping services continued to be the responsibility of the executive director.

Recommendations: The Council should hire a full-time bookkeeper or engage an outside accounting firm to perform monthly bookkeeping functions thereby allowing the executive director to fulfill the functions of that position

Management's Corrective Action Plan: The Council did hire a full-time bookkeeper for the council, but had to replace her with someone else with more experience and knowledge of accounting practices.

Finding #2005-2:

Condition: The Council did not maintain complete and adequate accounting records for the year ended June 30, 2005. This condition resulted in a disclaimer of opinion on the Council's financial statements for the year ended June 30, 2005. This condition also resulted in the failure of the Council to comply with Louisiana Audit Law. The audit was not completed within six months of the close of the Council's fiscal year.

Bank reconciliations were not prepared on a timely basis or reconciled to the general ledger on a monthly basis.

Monthly reports to Contractors were not filed on a timely basis resulting in a delay in revenue collection.

DESOTO COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS

Year Ended June 30, 2005

Finding #2005-2: (Continued)

Proper attention was not given to financial reporting; monthly financial statements were not accurate. Monthly financial statements filed with grantors were not correct. Contract receivables were many times recorded as "estimates". When the actual amount was received, a journal entry was made for the difference. This resulted in an inaccurate audit trail, inaccurate revenue, and excessive journal entries.

Invoices were not paid on a timely basis. Invoices were processed, posted to the general ledger, and checks prepared. These checks were not mailed, and were beyond the stale date that rendered them void. These checks were voided and reclassified as accounts payable at year end.

Two sets of checks are processed through the General Ledger - computerized checks and manual checks. This situation does not provide an efficient audit trail and makes it very difficult to reconcile bank statements.

Recommendation: The Council should hire a full-time bookkeeper or engage an outside accounting firm to perform monthly bookkeeping functions. Bank reconciliations should be prepared and reconciled to the general ledger on a monthly basis. The Council should develop a plan to ensure that billings under contracts are made on a timely basis, monthly reports to grantors are accurate, and invoices are paid on a timely basis.

Management's Response and Corrective Action Plan: The bank reconciliations are now being performed in a timely manner. Monthly reports are being sent in by their due dates. The Council no longer estimates monies or expenses in the general ledger. Invoices are being paid in a timely manner and not carried over in the next months work. The Council is now working on one set of checks in the operating account.

DESOTO COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS

Year Ended June 30, 2005

Finding #2005-3:

Condition: The software utilized by the Council is not maintained and updated as needed by the Council. The Council maintains its accounting records on a fund basis. Net revenue and expense by fund do not agree with total net revenue and expense for the Council. This results in monthly financial data and reports to grantors being incorrect.

Recommendation: The Council should consult with software support when the software is not processing data accurately.

Management's Response and Corrective Action Plan: In the fiscal year 2006, the council has had an upgrade in the accounting software. So far, reporting of financials has been accurate. The Council is monitoring to determine that all the account reporting verifies with the financial information given. If any journal entries are to be made because of a human mistake, it is then corrected in that months work.

Finding #2005-4:

Condition: The majority of checks being signed are lacking the signature of a designated Board Member as required by the GOEA Policy Manual.

Recommendation: All checks should bear the signature of a designated Board Member.

Management's Corrective Action Plan: All checks will be signed by a designated Board Member in the future.

Finding #2005-5:

Condition: The Council paid bonuses of \$2,000 in December, 2005. The check was made payable to cash with no supporting documentation. The bonus was not included on the employees W-2.

Recommendation: The Council should refrain from making checks payable to cash. All wages should be reported on the employees W-2.

Management's Corrective Action Plan: We will refrain from making checks payable to cash and include any bonuses paid on the employee's W-2 in the future.

DESOTO COUNCIL ON AGING, INC.

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS

Year Ended June 30, 2005

Finding #2004-1:

Condition: The segregation of duties is inadequate to maintain effective internal control.

Status: Unresolved.

Finding #2004-2:

Condition: The Council did not file or pay its quarterly payroll tax reports on a timely basis.

Status: Resolved.