

1097

RECEIVED
LEGISLATIVE AUDITOR
2001 DEC 26 AM 10:44

DESOTO COUNCIL ON AGING, INC.

MANSFIELD, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 ~~JAN 16 2002~~

FINANCIAL STATEMENTS

June 30, 2001

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

DESOTO COUNCIL ON AGING, INC.

Table of Contents
June 30, 2001

	<u>EXHIBIT/ SCHEDULE</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT		1-2
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP	EXHIBIT A	3
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES	EXHIBIT B	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND	EXHIBIT C	5
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - SPECIAL REVENUE FUNDS	EXHIBIT D	6
NOTES TO FINANCIAL STATEMENTS		7-21
SUPPLEMENTARY INFORMATION:		
STATEMENT OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND	SCHEDULE 1	22
COMBINING STATEMENT OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- SPECIAL REVENUE FUNDS	SCHEDULE 2	23
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS	SCHEDULE 3	24-28
SCHEDULE OF PRIORITY SERVICES - TITLE III, PART B - GRANT FOR SUPPORTIVE SERVICES	SCHEDULE 4	29
STATEMENT OF GENERAL FIXED ASSETS AND CHANGES IN GENERAL FIXED ASSETS	SCHEDULE 5	30

DESOTO COUNCIL ON AGING, INC.

Table of Contents
June 30, 2001

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	SCHEDULE 6	31
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		32
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>		33-34
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS		35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		36
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133		37-39
DATA COLLECTION FORM		40-42

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, 2001. 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, and the provisions of Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and A-133 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, 2001, 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 November 12, 2001 on my consideration of DeSoto Council on Aging, Inc.'s internal control structure and 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.

Manda R. Miller

Certified Public Accountant
November 12, 2001

DESOTO COUNCIL ON AGING, INC.Combined Balance Sheet - All Fund Types and Account Group
June 30, 2001

	<u>Governmental Fund Types</u>		<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 22,435	\$ 6,025	\$ -	\$ 28,460
Contracts receivable	28,806	48,409	-	77,215
Due from other funds	40,372	-	-	40,372
Van deposits	15,526	-	-	15,526
General fixed assets	-	-	370,642	370,642
Total assets	<u>\$107,139</u>	<u>\$ 54,434</u>	<u>\$ 370,642</u>	<u>\$ 532,215</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ 841	\$ -	\$ 841
Notes payable	83,254	-	-	83,254
Due to other funds	-	40,372	-	40,372
Total liabilities	<u>83,254</u>	<u>41,213</u>	<u>-</u>	<u>124,467</u>
FUND EQUITY:				
Investments in general fixed assets	-	-	370,642	370,642
Fund balance:				
Reserved for utility assistance	-	7,196	-	7,196
Reserved for FEMA	-	6,025	-	6,025
Unreserved - undesignated	23,885	-	-	23,885
Total fund equity	<u>23,885</u>	<u>13,221</u>	<u>370,642</u>	<u>407,748</u>
Total liabilities and fund equity	<u>\$107,139</u>	<u>\$ 54,434</u>	<u>\$ 370,642</u>	<u>\$ 532,215</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, 2001

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<u>REVENUES:</u>			
Intergovernmental	\$ 156,153	\$ 466,280	\$ 622,433
Public support	25,143	28,500	53,643
Miscellaneous	<u>8,619</u>	<u>-</u>	<u>8,619</u>
Total revenues	<u>189,915</u>	<u>494,780</u>	<u>684,695</u>
<u>EXPENDITURES:</u>			
Salaries	112,728	237,506	350,234
Fringe	9,483	19,547	29,030
Travel	1,155	15,410	16,565
Operating services	5,582	85,966	91,548
Operating supplies	699	39,694	40,393
Other costs	13,957	6,741	20,698
Meals	-	139,783	139,783
Capital outlay	-	1,725	1,725
Utility assistance	<u>-</u>	<u>3,395</u>	<u>3,395</u>
Total expenditures	<u>143,604</u>	<u>549,767</u>	<u>693,371</u>
Excess (deficiency) of revenues over expenditures	46,311	(54,987)	(8,676)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	50,027	151,192	201,219
Operating transfers out	<u>(109,388)</u>	<u>(91,831)</u>	<u>(201,219)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(13,050)	4,374	(8,676)
<u>FUND BALANCE:</u>			
Beginning of year	<u>36,935</u>	<u>8,847</u>	<u>45,782</u>
End of year	<u>\$ 23,885</u>	<u>\$ 13,221</u>	<u>\$ 37,106</u>

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, 2001

	Variance Favorable (Unfavorable)	Budget	Actual
<u>REVENUES:</u>			
Intergovernmental	\$ (57,787)	\$ 213,940	\$ 156,153
Public support	25,143	-	25,143
Miscellaneous	8,619	-	8,619
Total revenues	(24,025)	213,940	189,915
<u>EXPENDITURES:</u>			
Salaries	(14,217)	98,511	112,728
Fringe	(247)	9,236	9,483
Travel	(337)	818	1,155
Operating services	7,186	12,768	5,582
Operating supplies	14,101	14,800	699
Other costs	735	14,692	13,957
Capital outlay	1,366	1,366	-
Total expenditures	8,587	152,191	143,604
Excess (deficiency) of revenues over expenditures	(15,438)	61,749	46,311
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	50,027	-	50,027
Operating transfers out	(47,639)	(61,749)	(109,388)
Excess of revenues and other sources over expenditures and other uses	(13,050)	-	(13,050)
<u>FUND BALANCE:</u>			
Beginning of year	-	36,935	36,935
End of year	\$ (13,050)	\$ 36,935	\$ 23,885

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 - Special Revenue Funds
For the Year Ended June 30, 2001

	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>
<u>REVENUES:</u>			
Intergovernmental	\$ 7,857	\$ 458,423	\$ 466,280
Public support	4,383	24,117	28,500
Miscellaneous	-	-	-
	<u>12,240</u>	<u>482,540</u>	<u>494,780</u>
<u>EXPENDITURES:</u>			
Salaries	13,998	251,504	237,506
Fringe	3,103	22,650	19,547
Travel	2,730	18,140	15,410
Operating services	(2,190)	83,776	85,966
Operating supplies	(15,290)	24,404	39,694
Other costs	(660)	6,081	6,741
Meals	(5,273)	134,510	139,783
Capital outlay	654	2,379	1,725
Utility assistance	(2,550)	845	3,395
	<u>(5,478)</u>	<u>544,289</u>	<u>549,767</u>
Excess (deficiency) of revenues over expenditures	6,762	(61,749)	(54,987)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in	(582)	151,774	151,192
Operating transfers out	(1,806)	(90,025)	(91,831)
Excess of revenues and other sources over expenditures and other uses	4,374	-	4,374
<u>FUND BALANCE:</u>			
Beginning of year	-	8,847	8,847
End of year	<u>\$ 4,374</u>	<u>\$ 8,847</u>	<u>\$ 13,221</u>

The accompanying notes are an integral part of this statement.

DESOTO COUNCIL ON AGING, INC

Notes to Financial Statements

June 30, 2001

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 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, 2001

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'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 in another fund. These discretionary funds are accounted for and reported accordingly 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. 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.

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

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.

Find Work

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

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements

June 30, 2001

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 specific 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

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

Senior Center Fund (Continued)

Council. This program provides community service centers at which older persons receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community.

Title III C-1 Congregate Meals Fund

Title III C-1 funds are provided by the United States Department of Health and Human Services to the Louisiana Governor's office of Elderly Affairs, which "passes through" the funds to the Council. These funds are used to provide nutritional 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 the United States food and commodities may be purchased to supplement these programs.

Utility Assistance Fund

The Utility Assistance Fund is used to account for the administration or programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the Louisiana

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

Utility Assistance Fund (Continued)

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".

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements

June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Account Group: (Continued)

General Fixed Assets

The fixed assets (capital outlays) used in governmental fund type operations of DeSoto Council on Aging, Inc. 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 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.

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Budget Policy: (Continued)

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.

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 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.

II. Compensated Absence:

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

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fixed Assets:

Assets which cost at least \$1,000 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 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.

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 deposits 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.

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements

June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Management's use of Estimates

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

2. REVENUE RECOGNITION

Intergovernmental

Intergovernmental revenues are recorded in governmental funds as revenues in the accounting period when they become susceptible to accrual, that is, measurable and available. Intergovernmental grants do not allow the Council to recognize revenue under the grant award until actual costs are incurred or units of service are provided.

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.

3. BOARD OF DIRECTORS COMPENSATION

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

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2001

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. CONTRACT RECEIVABLE

Contracts receivable at June 30, 2001, are as follows:

USDA	\$ 3,255
Find Word	9,000
Local Transportation	19,756
Personal Care Attendant	20,145
Section 18	<u>25,059</u>
Total	<u><u>\$ 77,215</u></u>

All contracts receivable are fully collectible at June 30, 2001.

6. CHANGES IN FIXED ASSETS

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

	Balance July 1, 2000	Additions	Retirements	Balance June 30, 2001
Buildings and Land	\$172,516	\$ -	\$ -	\$172,516
Vehicles	145,606	-	-	145,606
Furniture and Equipment	<u>49,125</u>	<u>3,395</u>	<u>-</u>	<u>52,520</u>
Totals	<u><u>\$367,247</u></u>	<u><u>\$ 3,395</u></u>	<u><u>-</u></u>	<u><u>\$370,642</u></u>

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2001

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.

All funds on deposit were insured by federal depository insurance.

8. INCOME TAX STATUS

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

9. ECONOMIC DEPENDENCY

The Council receives the majority of its revenue from funds provided through grants administered by the Louisiana Governor's Office of Elderly Affairs. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and /or state level, the amount of the funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

10. INTERFUND TRANSFERS

Operating transfers in and out are listed by fund for the year ended June 30, 2001:

	Operating Transfers In	Operating Transfers Out
General Fund	<u>\$ 50,027</u>	<u>\$109,388</u>

DESOTO COUNCIL ON AGING, INC

Notes to Financial Statements
June 30, 2001

10. INTERFUND TRANSFERS (Continued)

	Operating Transfers <u>In</u>	Operating Transfers <u>Out</u>
Special Revenue Funds:		
Audit	\$ 1,986	\$ -
Title III C-1	44,381	-
Title III C-2	55,039	-
Title III B Supportive Services	47,906	-
Title III F	97	-
Ombudsman	1,783	-
Section 18	-	413
Senior Center	-	21,102
USDA	-	38,438
Miscellaneous Grant	-	31,878
Total - Special Revenue Funds	<u>151,192</u>	<u>91,831</u>
Total - All Funds	<u>\$201,219</u>	<u>\$201,219</u>

Operating transfers out by fund are as follows:

GENERAL FUND	
Title III C-2	\$ 1,764
Title III B	33,938
Ombudsman	1,783
Title III F	97
Find Work	49,812
Medicaid	215
PCOA	<u>21,779</u>
Total transfers out - General Fund	<u>\$109,388</u>

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2001

10. INTERFUND TRANSFERS (Continued)

USDA	
Title III C-1	\$ 17,000
Title III C-2	21,438
Total transfers out - USDA	<u>\$ 38,438</u>
SENIOR CENTER	
Title III C-1	\$ 8,322
Title III C-2	12,780
Total transfers out - Senior Center	<u>\$ 21,102</u>
MISCELLANEOUS GRANT	
Title III C-1	\$ 15,940
Title III C-2	15,938
Total transfers out - Miscellaneous Grant	<u>\$ 31,878</u>
PCOA	
Title C-1	\$ 3,119
Title C-2	3,119
Audit	1,986
Title III B Supportive Services	13,555
Total transfers out - PCOA	<u>\$ 21,779</u>
SECTION 18 - Title III B	<u>\$ 413</u>

11. DUE TO/FROM OTHER FUNDS

Due to/from other funds at June 30, 2001, consisted of the following:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 40,372	\$ -
Special Revenue Funds	-	40,372
Total - All Funds	<u>\$ 40,372</u>	<u>\$ 40,372</u>

DESOTO COUNCIL ON AGING, INC.

Notes to Financial Statements
June 30, 2001

12. RISK MANAGEMENT (Continued)

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 \$26,538 are as follows: 2002 - \$14,568; 2003 - \$14,568; 2004 - \$14,568; 2005 - \$14,568; 2006 - \$14,568; 2007 and after - 36,952.

DESOTO COUNCIL ON AGING, INC.

Combining Statement of Program Revenues, Expenditures
and Changes in Fund Balances -
General Fund
For the Year Ended June 30, 2001

	<u>Other Local</u>	<u>Find Work</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
Program Service Fees:						
Louisiana Department of:						
Transportation and Development	-	-	-	-	43,809	43,809
Health and Hospitals	-	-	36,565	-	-	36,565
Social Services	-	54,000	-	-	-	54,000
Public Support:						
Unrestricted	25,143	-	-	-	-	25,143
Miscellaneous	8,619	-	-	-	-	8,619
Total revenues	<u>33,762</u>	<u>54,000</u>	<u>36,565</u>	<u>21,779</u>	<u>43,809</u>	<u>189,915</u>
EXPENDITURES						
Salaries	11,879	2,395	31,568	-	66,886	112,728
Fringe	980	194	2,701	-	5,608	9,483
Travel	100	114	790	-	151	1,155
Operating services	2,650	1,257	418	-	1,257	5,582
Operating supplies	185	174	109	-	231	699
Other costs	13,085	54	764	-	54	13,957
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>28,879</u>	<u>4,188</u>	<u>36,350</u>	<u>-</u>	<u>74,187</u>	<u>143,604</u>
Excess (deficiency) of revenues over expenditures	4,883	49,812	215	21,779	(30,378)	46,311
OTHER FINANCING SOURCES (USES)						
Operating transfers in	19,649	-	-	-	30,378	50,027
Operating transfers out	(37,582)	(49,812)	(215)	(21,779)	-	(109,388)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(13,050)	-	-	-	-	(13,050)
FUND BALANCES						
Beginning of year	<u>36,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,935</u>
End of year	<u>\$ 23,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,885</u>

Schedule 2

Title III F	Senior Center	USDA	Audit	Supple. Senior Center	Utility Assistance Fund	Section 18	Totals
\$ 2,988	\$ 23,539	\$ 38,438	\$ 1,814	\$ 31,878	\$ -	\$ -	\$ 356,407
-	-	-	-	-	-	103,671	103,671
-	-	-	-	-	-	-	6,202
-	-	-	-	-	2,471	-	2,471
-	-	-	-	-	-	1,313	26,029
<u>2,988</u>	<u>23,539</u>	<u>38,438</u>	<u>1,814</u>	<u>31,878</u>	<u>2,471</u>	<u>104,984</u>	<u>494,780</u>
647	16	-	-	-	-	48,143	237,506
52	1	-	-	-	-	4,005	19,547
158	287	-	-	-	-	868	15,410
340	1,747	-	3,800	-	-	33,762	85,966
368	150	-	-	-	-	16,405	39,694
1,520	236	-	-	-	-	552	6,741
-	-	-	-	-	-	-	139,783
-	-	-	-	-	1,725	-	1,725
-	-	-	-	-	-	836	3,395
<u>3,085</u>	<u>2,437</u>	<u>-</u>	<u>3,800</u>	<u>-</u>	<u>1,725</u>	<u>104,571</u>	<u>549,767</u>
(97)	21,102	38,438	(1,986)	31,878	746	413	(54,987)
97	-	-	1,986	-	-	-	151,192
<u>-</u>	<u>(21,102)</u>	<u>(38,438)</u>	<u>-</u>	<u>(31,878)</u>	<u>-</u>	<u>(413)</u>	<u>(91,831)</u>
-	-	-	-	-	746	-	4,374
-	-	-	-	-	6,450	-	8,847
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,196</u>	<u>\$ -</u>	<u>\$ 13,221</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, 2001

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>LOCAL:</u>			
Salaries	\$ 98,511	\$ 112,728	\$(14,217)
Fringe	9,236	9,483	(247)
Meals	-	-	-
Travel	818	1,155	(337)
Operating services	12,768	5,582	7,186
Operating supplies	14,800	699	14,101
Other costs	14,692	13,957	735
Capital outlay	1,366	-	1,366
Transfers to other funds:			
Title III C-2	-	1,764	(1,764)
Title III F	1,102	97	1,005
Ombudsman	2,944	1,783	1,161
Find Work	16,750	49,812	(33,062)
Medicaid	-	215	(215)
Title III B			
Supportive Services	<u>40,953</u>	<u>33,938</u>	<u>7,015</u>
Totals	<u>\$ 213,940</u>	<u>\$ 231,213</u>	<u>\$(17,273)</u>
<u>SECTION 18:</u>			
Salaries	\$ 41,145	\$ 48,143	\$(6,998)
Fringe	3,489	4,005	(516)
Meals	-	-	-
Travel	1,120	868	252
Operating services	38,049	33,762	4,287
Operating supplies	11,188	16,405	(5,217)
Other costs	1,754	552	1,202
Capital outlay	-	836	(836)
Transfers to other funds:			
Title IIIB	<u>-</u>	<u>413</u>	<u>(413)</u>
Totals	<u>\$ 96,745</u>	<u>\$ 104,984</u>	<u>\$(8,239)</u>
<u>PCOA (ACT 735):</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-

DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds (Continued)
For the Year Ended June 30, 2001

	Budget	Actual	Variance - Favorable (Unfavorable)
<u>PCOA (ACT 735): (Continued)</u>			
Operating supplies	\$ -	\$ -	\$ -
Transfers to other funds:			
Title III C-1	3,119	3,119	-
Title III C-2	3,119	3,119	-
Audit	1,986	1,986	-
Title III B Supportive Services	13,555	13,555	-
 Totals	\$ 21,779	\$ 21,779	\$ -
 <u>Title III C-1:</u>			
Salaries	33,031	36,723	(3,692)
Fringe	3,009	3,159	(150)
Meals:			
Raw food	32,346	34,946	(2,600)
Non-edibles	32,346	34,945	(2,599)
Travel	384	614	(230)
Operating services	5,004	4,087	917
Operating supplies	1,524	1,722	(198)
Other costs	-	318	(318)
Capital outlay	254	467	(213)
 Totals	\$ 107,898	\$ 116,981	\$ (9,083)
 <u>SENIOR CENTER:</u>			
Salaries	\$ 4,446	\$ 16	\$ 4,430
Fringe	404	1	403
Meals	-	-	-
Travel	8	287	(279)
Operating services	302	1,747	(1,445)
Operating supplies	179	150	29
Other costs	21	236	(215)
Capital outlay	32	-	32
Transfers to other funds:			
Title III B	18,147	21,102	(2,955)
 Totals	\$ 23,539	\$ 23,539	\$ -

Schedule 3

DESOTO COUNCIL ON AGING, INC.Schedule of Expenditures - Budget (GAAP Basis) and Actual -
General and Special Revenue Funds (Continued)For the Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Title III C-2:</u>			
Salaries	\$ 33,939	\$ 34,046	\$ (107)
Fringe	3,092	2,993	99
Meals:			
Raw food	37,004	34,946	2,058
Non-edibles	32,814	34,946	(2,132)
Travel	5,092	2,304	2,788
Operating services	2,549	1,870	679
Operating supplies	430	2,959	(2,529)
Other costs	-	331	(331)
Capital outlay	267	363	(96)
Totals	<u>\$ 115,187</u>	<u>\$ 114,758</u>	<u>\$ 429</u>
 <u>OMBUDSMAN:</u>			
Salaries	\$ 5,154	\$ 4,511	\$ 643
Fringe	469	44	425
Travel	858	951	(93)
Operating services	392	260	132
Operating supplies	56	58	(2)
Other costs	27	12	15
Capital outlay	41	-	41
Totals	<u>\$ 6,997</u>	<u>\$ 5,836</u>	<u>\$ 1,161</u>
 <u>TITLE III C ADMINISTRATION:</u>			
Salaries	\$ 10,328	\$ 11,067	\$ (739)
Fringe	935	895	40
Travel	184	527	(343)
Operating services	6,996	5,888	1,108
Operating supplies	996	803	193
Other costs	493	250	243
Capital outlay	731	1,233	(502)
Totals	<u>\$ 20,663</u>	<u>\$ 20,663</u>	<u>\$ -</u>

DESOTO COUNCIL ON AGING, INC.

Schedule of Expenditures - Budget (GAAP Basis) and Actual -
 General and Special Revenue Funds - (Continued)
For the Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>TITLE III B SUPPORTIVE SERVICES:</u>			
Salaries	\$ 119,993	\$ 102,353	\$ 17,640
Fringe	10,936	8,398	2,538
Travel	10,488	9,701	787
Operating services	22,743	31,638	(8,895)
Operating supplies	9,945	17,229	(7,284)
Other costs	3,769	3,522	247
Capital outlay	1,029	496	533
Totals	<u>\$ 178,903</u>	<u>\$ 173,337</u>	<u>\$ 5,566</u>
 <u>ENERGY FUND:</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	-	-	-
Operating supplies	-	-	-
Other costs	-	-	-
Utility assistance	845	1,725	(880)
Totals	<u>\$ 845</u>	<u>\$ 1,725</u>	<u>\$ (880)</u>
 <u>AUDIT:</u>			
Salaries	\$ -	\$ -	\$ -
Fringe	-	-	-
Meals	-	-	-
Travel	-	-	-
Operating services	3,800	3,800	-
Operating supplies	-	-	-
Totals	<u>\$ 3,800</u>	<u>\$ 3,800</u>	<u>\$ -</u>
 <u>USDA</u>			
Transfers to Title III C-1	\$ 17,000	\$ 17,000	\$ -
Transfers to Title III C-2	23,000	21,438	1,562
Totals	<u>\$ 40,000</u>	<u>\$ 38,438</u>	<u>\$ 1,562</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, 2001

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>PREVENTIVE HEALTH:</u>			
Salaries	\$ 3,468	\$ 647	\$ 2,821
Fringe	316	52	264
Travel	6	158	(152)
Operating services	232	340	(108)
Operating supplies	86	368	(282)
Other costs	17	1,520	(1,503)
Capital outlay	24	-	24
Totals	<u>\$ 4,149</u>	<u>\$ 3,085</u>	<u>\$ 1,064</u>
 <u>FEMA:</u>			
Salaries	-	-	-
Fringe	-	-	-
Travel	-	-	-
Operating services	3,709	2,574	1,135
Operating supplies	-	-	-
Other costs	-	-	-
Totals	<u>\$ 3,709</u>	<u>\$ 2,574</u>	<u>\$ 1,135</u>
 <u>MISCELLANEOUS GRANT:</u>			
Transfers to Other Funds:			
Title III C-1	\$ 15,940	\$ 15,940	\$ -
Title III C-2	<u>15,938</u>	<u>15,938</u>	<u>-</u>
Totals	<u>\$ 31,878</u>	<u>\$ 31,878</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, 2001

Access (30%):	Case Management	\$	316	
	Transportation		70,654	
	Information & Assistance		312	
	Outreach		<u>2,159</u>	
	Total access expenses		73,441	<u>117.80%</u>
In-Home (15%):	Homemaker		59,750	<u>95.84%</u>
Legal (5%):	Legal assistance		3,355	<u>5.378</u>
Non-priority services			<u>36,791</u>	
Total Title III-B Supportive service expenditures			173,337	
Less: Participant contributions			(3,079)	
Transfers in			<u>(47,906)</u>	
Title IIIB - Supportive services grant			122,352	
Less: State homemaker			(9,915)	
State transportation			<u>(50,091)</u>	
Original grant award net of additional state homemaker and transportation funds			<u>\$ 62,346</u>	

DESOTO COUNCIL ON AGING, INC.Statement of General Fixed Assets
and Changes in General Fixed Assets
For the Year Ended June 30, 2001

	Balance June 30, <u>2000</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2001</u>
General Fixed Assets, at cost:				
Building & Land	\$ 172,516	\$ -	\$ -	\$ 172,516
Vehicles	145,606	-	-	145,606
Furniture & Equipment	<u>49,125</u>	<u>3,395</u>	<u>-</u>	<u>52,520</u>
Total	<u>\$ 367,247</u>	<u>\$ 3,395</u>	<u>\$ -</u>	<u>\$ 370,642</u>
Investment in General Fixed Assets:				
Title III C-1	\$ 309	\$ 467	\$ -	\$ 776
Title III C-2	241	363	-	604
Senior Center	1,937	-	-	1,937
Title III C Administrative	818	1,233	-	2,051
Title III B Supportive Services	3,054	496	-	3,550
Title III F	4,706	-	-	4,706
Ombudsman	12	-	-	12
Section 18	77,324	836	-	78,160
Section 16	46,605	-	-	46,605
Local	<u>232,241</u>	<u>-</u>	<u>-</u>	<u>232,241</u>
Total	<u>\$ 367,247</u>	<u>\$ 3,395</u>	<u>\$ -</u>	<u>\$ 370,642</u>

Assets with a purchase price of less than \$1,000 included in the above total \$19,744.

DESOTO COUNCIL ON AGING, INC.Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001

<u>FEDERAL GRANTOR/ PROGRAM TITLE *</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>				
<u>Administration on Aging</u>				
Passed through the Louisiana Governor's Office of Elderly Affairs Special programs for the aging:				
Title III, Part B - Grant for Supportive Services and Senior Centers	93.044	\$ 52,994	\$ 52,994	\$ 52,994
Title III, Part B - Ombudsman	93.044	<u>2,956</u>	<u>2,956</u>	<u>2,956</u>
Subtotal CFDA# 93.044		<u>55,950</u>	<u>55,950</u>	<u>55,950</u>
Title III, Part C-Area Agency Administration	93.045	15,496	15,496	15,496
Title C-1-Nutrition Services Congregate Meals	93.045	50,587	50,587	50,587
Title C-2-Nutrition Services Home Delivered Meals	93.045	<u>32,894</u>	<u>32,894</u>	<u>32,894</u>
Subtotal CFDA# 93.045		<u>98,977</u>	<u>98,977</u>	<u>98,977</u>
Title III, Part F-Disease and Health Promotion Services	93.043	<u>2,988</u>	<u>2,988</u>	<u>2,988</u>
Total for U.S. Department of Health and Human Services		<u>157,915</u>	<u>157,915</u>	<u>157,915</u>
<u>U.S. Department of Transportation -</u>				
<u>Federal Transit Administration (FTA)</u>				
Operating Assistance	20.509	<u>103,671</u>	<u>103,671</u>	<u>103,671</u>
<u>U.S. Department of Agriculture</u>				
Passed through the Louisiana Governor's Office of Elderly Affairs:				
USDA - cash in lieu of commodities	10.570	<u>39,000</u>	<u>38,438</u>	<u>38,438</u>
<u>Federal Emergency Mgt Agency</u>				
Passed through American Red Cross				
Emergency Food & Shelter	83.523	<u>6,202</u>	<u>6,202</u>	<u>6,202</u>
Total - All Federal Awards		<u>\$306,788</u>	<u>\$306,226</u>	<u>\$306,226</u>

DESOTO COUNCIL ON AGING, INC.

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2001

1. General:

The accompanying Schedule of Federal Awards presents the activity of all federal award programs of DeSoto Council on Aging, Inc.

2. Basis of Accounting:

The accompanying Schedule of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the general purpose financial statements.

3. Relationship to General Purpose Financial Statements:

Federal Award revenues are reported in the general purpose financial statements as follows:

	<u>Intergovernmental Revenue</u>
Federal Financial Awards	\$ 306,226
State Financial Awards	<u>316,207</u>
Total Intergovernmental Awards	<u>\$ 622,433</u>

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

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

I have audited the financial statements of DeSoto Council on Aging, Inc. Louisiana as of and for the year ended June 30, 2001, and have issued my report thereon dated November 12, 2001. 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 solely for the information 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.

Mark D. Millman

Certified Public Accountant
November 12, 2001

DESOTO COUNCIL ON AGING, INC.

Corrective Action Taken on Prior Year Findings

June 30, 2001

Finding:

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

Response:

No action was recommended due to economic and space limitations and none was taken.

DeSoto Council on Aging, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2001

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements.
2. The auditor's report on compliance for the major federal award programs for DeSoto Council on Aging, Inc. expresses an unqualified opinion on all major federal programs.
3. The programs tested as major programs included:
 - 93.044 Title III Supportive Services
 - 93.044 Title III Ombudsman
 - 93.045 Title III Administration
 - 93.045 Title III C-1 Nutrition
 - 93.045 Title III C-2 Nutrition
 - 93.043 Title III F Health Promotion
4. The threshold for distinguishing Type A and B programs was \$300,000.
5. DeSoto Council on Aging, Inc. was not determined to be a low risk auditee.

Finding/Noncompliance

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

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

Management's Response: We concur with the finding.

There were no questioned costs for the year ended June 30, 2001.

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

I have audited the compliance of DeSoto Council on Aging, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. DeSoto Council on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of DeSoto Council on Aging, Inc.'s management. My responsibility is to express an opinion on DeSoto Council on Aging, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about DeSoto Council on Aging, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on DeSoto Council on Aging, Inc.'s compliance with those requirements.

In my opinion, DeSoto Council on Aging, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of DeSoto Council on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered DeSoto Council on Aging, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted a certain matter involving the internal control over compliance 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 compliance that, in my judgment, could adversely affect DeSoto Council on Aging, Inc.'s ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the 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 on the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I believe reportable condition # 1 as described in the schedule of findings and questioned costs is a material weakness.

This report is intended solely for the information 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.

Maisha O. Miller

Certified Public Accountant
November 12, 2001

**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS
for Fiscal Year Ending Dates On or After January 1, 2001**

▶ Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

RETURN TO: Federal Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

PART I GENERAL INFORMATION (To be completed by auditee, except for Item 7)

1. Fiscal period ending date for this submission Month Day Year Fiscal Period End Dates Must Be On or After January 1, 2001 06 / 30 / 01		2. Type of Circular A-133 audit 1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	
3. Audit period covered 1 <input checked="" type="checkbox"/> Annual 2 <input type="checkbox"/> Biennial 3 <input type="checkbox"/> Other - Months		FEDERAL GOVERNMENT USE ONLY	4. Date received by Federal clearinghouse
5. Employer Identification Number (EIN) a. Auditee EIN 7 2 0 7 2 0 4 8 6			b. Are multiple EINs covered in this report? 1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No If Part I, Item 5b = "Yes," complete Part I, Item 5c (Complete the continuation sheet on Page 4)

6. AUDITEE INFORMATION

a. Auditee name DeSoto Council on Aging

b. Auditee address (Number and street)
P.O. Box 1003
City Mansfield
State LA ZIP + 4 Code 7 1 0 5 2

c. Auditee contact
Name Kim Forcinel
Title EXECUTIVE DIRECTOR

d. Auditee contact telephone (318) 872-3700

e. Auditee contact FAX (Optional) (318) 872-9473

f. Auditee contact E-mail (Optional)

7. AUDITOR INFORMATION (To be completed by auditor)

a. Auditor name MARSHA O. MILLICAN

b. Auditor address (Number and street)
754 DALZELL
City SHREVEPORT
State ZIP + 4 Code 7 1 1 0 4

c. Auditor contact
Name MARSHA O. MILLICAN
Title CPA, OWNER

d. Auditor contact telephone (318) 221 - 3881

e. Auditor contact FAX (Optional) (318) 221 - 4641

f. Auditor contact E-mail (Optional)

g. AUDITEE CERTIFICATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

9. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 8, 9, and 10, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is not a substitute for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s) prepared by the auditor, from the auditor at the address provided in Part I of the form, as required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Kim Forcinel
Signature of certifying official Date 11 / 12 / 01
Executive Director
Printed Name/Title of certifying official

Marsha O. Millican
Signature of auditor Date 11 / 12 / 01
40
Printed Name/Title of auditor

PART I GENERAL INFORMATION - Continued

8. Did the auditee expend more than \$25,000,000 in Federal awards during the fiscal year? (Mark (X) one box)
 1 Yes - Identify Cognizant Agency in Part I, Item 9 2 No - SKIP to Part II, Item 1

9. Indicate which Federal awarding agency provided the predominant amount of direct funding in fiscal year 2000. (Mark (X) one box) However, if cognizance has been reassigned, see instructions.

- | | | | |
|--|---|---|---|
| 02 <input type="checkbox"/> Agency for International Development | 81 <input type="checkbox"/> Energy | 14 <input type="checkbox"/> Housing and Urban Development | 47 <input type="checkbox"/> National Science Foundation |
| 10 <input type="checkbox"/> Agriculture | 66 <input type="checkbox"/> Environmental Protection Agency | 15 <input type="checkbox"/> Interior | 20 <input type="checkbox"/> Transportation |
| 11 <input type="checkbox"/> Commerce | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | <input type="checkbox"/> Other - Specify: |
| 12 <input type="checkbox"/> Defense | 93 <input type="checkbox"/> Health and Human Services | 17 <input type="checkbox"/> Labor | |
| 84 <input type="checkbox"/> Education | | | |

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report (Mark (X) one box)
 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1 Yes 2 No

3. Is a reportable condition disclosed? 1 Yes 2 No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness? 1 Yes 2 No

5. Is a material noncompliance disclosed? 1 Yes 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance
 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending greater than \$300,000 in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA SOP 98-3 chapter 10) 1 Yes 2 No

3. What is the dollar threshold to distinguish Type A and Type B programs? (§ __ .520(b)) \$ 300,000

4. Did the auditee qualify as a low-risk auditee? (§ __ .530) 1 Yes 2 No

5. Is a reportable condition disclosed for any major program? (§ __ .510(a)(1)) 1 Yes 2 No - SKIP to Item 7

6. Is any reportable condition reported as a material weakness? (§ __ .510(a)(1)) 1 Yes 2 No

7. Are any known questioned costs reported? (§ __ .510(a)(3) or (4)) 1 Yes 2 No

8. Was a Summary Schedule of Prior Audit Findings prepared? (§ __ .315(b)) 1 Yes 2 No

9. Indicate which Federal agency(ies) have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. (Mark (X) all that apply or None)

- | | | | |
|--|---|---|--|
| 02 <input type="checkbox"/> Agency for International Development | 83 <input type="checkbox"/> Federal Emergency Management Agency | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 23 <input type="checkbox"/> Appalachian Regional Commission | 93 <input type="checkbox"/> Health and Human Services | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 11 <input type="checkbox"/> Commerce | 14 <input type="checkbox"/> Housing and Urban Development | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 03 <input type="checkbox"/> Institute for Museum Services | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 12 <input type="checkbox"/> Defense | 15 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 84 <input type="checkbox"/> Education | 16 <input type="checkbox"/> Justice | 59 <input type="checkbox"/> Small Business Administration | 00 <input type="checkbox"/> None |
| 01 <input type="checkbox"/> Energy | 17 <input type="checkbox"/> Labor | | <input type="checkbox"/> Other - Specify: |
| 66 <input type="checkbox"/> Environmental Protection Agency | 09 <input type="checkbox"/> Legal Services Corp | | |

Each agency identified is required to receive a copy of the reporting package.

In addition, one copy each of the reporting package is required for:

- the Federal Audit Clearinghouse archives
- and, if not marked above, the cognizant agency (if identified in Part I, Item 9)

Count total number of boxes marked above and submit this number of reporting packages | 1 | 41

PART III FEDERAL PROGRAMS - Continued

10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR		11. AUDIT FINDINGS					
CFDA Number (a)	Research and development (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) ³ (a)	Audit finding reference number(s) ⁴ (b)
9 3 . 044	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	Supportive Services	\$ 52,994 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	P	1
9 3 . 044	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	Ombudsman	\$ 2,956 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	P	1
9 3 . 045	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	Area Agency on Administration	\$ 15,496 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	P	1
9 3 . 045	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	Congregate Nutrition	\$ 50,587 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	P	1
9 3 . 045	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	Home Delivered Meals	\$ 32,894 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	P	1
9 3 . 043	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	Health Promotion	\$ 2,988 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	P	1
8 3 . 523	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FEMA	\$ 6,202 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	P	1
1 0 . 570	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	USDA	\$ 38,438 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	P	1
2 0 . 509	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	Operating Assistance	\$ 103,671 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	P	1
TOTAL FEDERAL AWARDS EXPENDED			\$ 306,226 .00			IF ADDITIONAL LINES ARE NEEDED PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS	

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.
² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)
³ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.
A. Activities allowed or unallowed F. Equipment and real property management K. Real property acquisition and relocation assistance C. None
B. Allowable costs/cost principles G. Matching, level of effort, earmarking L. Reporting D. Other
C. Cash management H. Period of availability of Federal funds M. Subrecipient monitoring
D. Davis - Bacon Act I. Procurement and suspension and debarment N. Special tests and provisions
E. Eligibility J. Program income