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Union Council on the Aging, Inc.

Farmerville, Louisiana

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, city 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 ~~MAR 10 1999~~

REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 1998

SAUNDERS & ASSOCIATES
Certified Public Accountants
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UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

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UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

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Saunders & Associates

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Union Council on the Aging, Inc.
Farmerville, Louisiana

We have audited the accompanying general-purpose financial statements of the Union Council on the Aging, Inc. as of and for the year ended June 30, 1998, as listed in the preceding table of contents. These general-purpose financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issues in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

any significant amount of resources committed to make computer systems and other electronic year 2000-compliant,

a general description of the year 2000 issue, including a description of the stages of work in progress or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and

the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

Union Council on the Aging, Inc. has omitted such disclosures. We do not provide assurance that the organization is or will be year 2000 ready, that the organization's year 2000 remediation efforts will be successful in whole or in part, or that the parties with which the organization does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general-purpose financial statement referred to above present fairly, in all material respects, the financial position of the organization as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance, with *Government Auditing Standards*, we have also issued our report dated November 17, 1998 on our consideration of the organization's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the organization taken as a whole. The accompanying supplemental information, as listed in the preceding table of contents, is presented for purposes of additional analysis. This supplemental information is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Saunders + Associates

SAUNDERS & ASSOCIATES
Certified Public Accountants

November 17, 1998

FINANCIAL STATEMENTS

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1998
With Comparative Totals for the Year Ended June 30, 1997

	<u>Governmental Fund Types</u>		<u>Account Groups</u>		<u>Total</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>(Memorandum Only) 1998</u>	<u>1997</u>
ASSETS						
Cash (Note 3)	\$ 53,924	\$ 5,571	\$ 0	\$ 0	\$ 59,495	\$ 44,977
Prepaid Expenses	0	0	0	0	0	0
Accounts Receivable (Note 7)	3,387	5,026	0	0	8,413	11,980
Land	0	0	6,000	0	6,000	6,000
Building	0	0	194,180	0	194,180	194,180
Vehicles	0	0	57,685	0	57,685	52,605
Furniture and Equipment	0	0	51,451	0	51,451	54,808
Amount to be Provided For Retirement of General Long-Term Debt	0	0	0	213,800	213,800	201,721
TOTAL ASSETS	\$ 57,311	\$ 10,597	\$ 309,316	\$ 213,800	\$ 591,024	\$ 566,271
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	\$ 382	\$ 9,484	\$ 0	\$ 0	\$ 9,866	\$ 10,424
Accrued Payroll Payable	1,448	0	0	0	1,448	4,317
Payroll Taxes Payable	595	0	0	0	595	1,762
Note Payable (Note 4)	0	0	0	213,800	213,800	201,721
Total Liabilities	2,425	9,484	0	213,800	225,709	218,224
Fund Equity:						
Investment in General Fixed Assets	0	0	309,316	0	309,316	307,593
Fund Balances - Reserved for:						
Utilities Assistance	0	1,113	0	0	1,113	1,588
Unreserved and Undesignated	54,886	0	0	0	54,886	38,866
Total Fund Equity	54,886	1,113	309,316	0	365,315	348,047
TOTAL LIABILITIES AND FUND EQUITY	\$ 57,311	\$ 10,597	\$ 309,316	\$ 213,800	\$ 591,024	566,271

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 1998
With Comparative Totals for the Year Ended June 30, 1997

	General Fund	Special Revenue Funds	Total (Memorandum Only)	
			1998	1997
<u>REVENUES</u>				
Intergovernmental	\$ 11,779	\$ 235,853	\$ 247,632	\$ 240,736
Public Support	0	39,913	39,913	31,627
Miscellaneous	80,810	5,409	86,219	74,524
	<u>92,589</u>	<u>281,175</u>	<u>373,764</u>	<u>346,887</u>
<u>EXPENDITURES</u>				
Current:				
Salaries	0	118,213	118,213	109,133
Fringe	145	10,622	10,767	9,872
Travel	0	12,191	12,191	12,095
Operating Services	0	52,449	52,449	44,377
Operating Supplies	1,937	12,965	14,902	14,964
Other Costs	14,228	125,154	139,382	153,870
Capital Outlay	19,629	2,995	22,624	5,313
Utility Assistance	0	1,309	1,309	2,219
	<u>35,939</u>	<u>335,898</u>	<u>371,837</u>	<u>351,843</u>
Excess of Revenues Over (Under) Expenditures	<u>56,650</u>	<u>(54,723)</u>	<u>1,927</u>	<u>(4,956)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	18,782	95,161	113,943	106,607
Operating Transfers Out	(69,627)	(44,316)	(113,943)	(106,607)
Loan Proceeds	13,618	0	13,618	
	<u>(37,227)</u>	<u>50,845</u>	<u>13,618</u>	<u>0</u>
Excess (Deficiency) Of Revenues, and Other Sources Over Expenditures and Other Uses	19,423	(3,878)	15,545	(4,956)
Fund Balance, Beginning of Year	<u>35,463</u>	<u>4,991</u>	<u>40,454</u>	<u>45,410</u>
FUND BALANCE, END OF YEAR	<u>\$ 54,886</u>	<u>\$ 1,113</u>	<u>\$ 55,969</u>	<u>\$ 40,454</u>

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL -

GENERAL FUND TYPE

For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Intergovernmental	\$ 11,779	\$ 11,779	\$ 0
Public Support	0	0	0
Miscellaneous	0	80,810	80,810
Total Revenue	11,779	92,589	80,810
<u>EXPENDITURES</u>			
Current:			
Salaries	0	0	0
Fringe	0	145	(145)
Travel	0	0	0
Operating Services	0	0	0
Operating Supplies	0	1,937	(1,937)
Other Costs	0	14,228	(14,228)
Capital Outlay	0	19,629	(19,629)
Utility Assistance	0	0	0
Total Expenditures	0	35,939	(35,939)
Excess of Revenues Over (Under) Expenditures	11,779	56,650	44,871
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	0	18,782	(18,782)
Operating Transfers Out	(11,779)	(69,627)	57,848
Loan Proceeds	0	13,618	(13,618)
Total Other Financing Sources (Uses)	(11,779)	(37,227)	+48
Excess (Deficiency) Of Revenues, and Other Sources Over Expenditures and Other Uses	\$ 0	19,423	\$ 19,423
Fund Balance, Beginning of Year		35,463	
FUND BALANCE, END OF YEAR		\$ 54,886	

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL -

SPECIAL REVENUE FUNDS

For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Intergovernmental	\$ 252,112	\$ 235,853	\$ (16,259)
Public Support	30,800	39,913	9,113
Miscellaneous	<u>46,371</u>	<u>5,409</u>	<u>(40,962)</u>
Total Revenue	<u>329,283</u>	<u>281,175</u>	<u>(48,108)</u>
<u>EXPENDITURES</u>			
Current:			
Salaries	121,282	118,213	3,069
Fringe	11,238	10,622	616
Travel	14,331	12,191	2,140
Operating Services	50,368	52,449	(2,081)
Operating Supplies	12,950	12,965	(15)
Other Costs	116,000	125,154	(9,154)
Capital Outlay	3,114	2,995	119
Utility Assistance	<u>0</u>	<u>1,309</u>	<u>(1,309)</u>
Total Expenditures	<u>329,283</u>	<u>335,898</u>	<u>(6,615)</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>(54,723)</u>	<u>(54,723)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	0	95,161	95,161
Operating Transfers Out	<u>0</u>	<u>(44,316)</u>	<u>(44,316)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>50,845</u>	<u>50,845</u>
Excess (Deficiency) Of Revenues, and Other Sources Over Expenditures and Other Uses	<u>\$ 0</u>	<u>(3,878)</u>	<u>\$ (3,878)</u>
Fund Balance, Beginning of Year		<u>4,991</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,113</u>	

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 Union Council on the Aging, Inc. is a non-profit quasi-public 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. Other entities that provide the council federal, state, or local funds may impose some additional requirements.

The primary function of the Union Council on the Aging, Inc. is to improve the quality of life for the parish's elderly and to provide services to the elderly as well as coordinate and monitor the services of other local agencies serving the aging people of the parish. Some of the services provided by the Council include congregate and home delivered meals, nutritional education, information and referral services, legal assistance, homemaker services, discount services, material aid, outreach, operating senior centers, and transportation. A Board of Directors, consisting of 14 voluntary members who serve three-year terms, governs the Council.

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.

B. Presentation of Statements

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a Codification of Governmental Accounting and Financial Reporting Standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued -

The accompanying financial statements conform to generally accepted accounting principles for state and local governments. These statements have also incorporated any applicable requirements set forth by Audits of State and Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants; Subsection VI - Annual Financial Reporting, accounting manual for Governor's Office of Elderly Affairs contractors; and, the Louisiana Governmental Audit Guide.

C. Fund Accounting

The Council uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain functions or activities.

The accounts of the Union Council on the Aging, Inc. are organized on the basis of funds and account groups, 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 comprises its assets, liabilities, equity, revenues, and expenditures, or expenses, as appropriate. Resources 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 grouped, in the financial statements in this report, into two generic fund types and two broad fund categories (account groups).

Governmental funds are used to account for all or most of the Council's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of fixed assets, and the servicing of general long-term debt.

The governmental funds and the programs comprising them as presented in the financial statements are described as follows:

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued -

- General Fund The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. These discretionary funds are accounted for and reported according to the source (federal, state, or local) from which they are derived. In addition, the servicing of general long-term debt is accounted for in the General Fund because unrestricted resources are used to pay for the liabilities incurred by this fund and there are no legal mandates to use a debt service fund.

The following programs comprise the Council's General Fund:

Other Local: Revenues, such as, (1) donations from the general public, (2) income from various fund raisers (3) program service revenue from renting Medic Alert units and providing Medicaid services, and (4) interest income earned on idle funds which have been invested, have been recorded in the "other local" program of the General Fund. Expenses incurred which are not chargeable to specific programs are recorded as "other local" program expenditures. Also, expenses incurred to produce related program service fees and fund raising income are charged as "other local" program expenditures. "Other local" funds are also used as transfers to special revenue funds to supplement those programs. In addition, fixed asset additions are generally paid with "other local" funds.

Senior Activities: The participants at the Council's Senior Center solicit public support through activities to help offset the cost of operating these centers as well as to raise funds for activities that are not paid for through the grants from the Governor's Office of Elderly Affairs. The types of activities used to raise these funds consist of craft sales, raffles, dances, and refreshment sales. There is no restriction on how the net proceeds of these activities are used. However, any expenses paid by the Council to assist the senior citizens in producing revenues for their activities must be reimbursed to the Council by the senior citizens from the revenues they generate.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued -

The Council 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.

PCOA (Act 735): PCOA (Act 735) funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years old.

- Special Revenue Funds Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) that are legally restricted to expenditures for specific purposes. Most of the Council's special revenue funds are provided by GOEA. The Title III funds are provided by the United States Department of Health and Human Services - Administration on Aging through the Governor's Office of Elderly Affairs which in turn "passes through" the funds to the Council.

The following are the funds which comprise the Council's Special revenue Funds:

Title III-B Supportive Services Fund The Title III-B Supportive Services Fund is used to account for funds which are to provide a variety of social services; such as, information and assistance, access services, in-home services, community services, legal assistance, and outreach for people age 60 and older.

Title III C-1 Fund The Title III C-1 Fund is used to account for funds which are used to provide nutritional, congregate meals the elderly in strategically located centers. During the fiscal year July 1, 1997 to June 30, 1998, the Council served about 25,000 congregate meals.

Title III C-2 Home Delivered Meals Fund Title III C-2 Fund is used to account for funds which are used to provide nutritional, home delivered meals to home-bound older persons. During the fiscal year July 1, 1997 to June 30, 1998, the Council served about 25,000 home delivered meals.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued --

Title III-D Fund The III-D Fund is used to account for funds which are used to provide in-home services to frail older individuals; including in-home supportive services for older individuals who are victims of Alzheimer's disease and related disorders with neurological and organic brain dysfunction, and to the families of such victims.

Title III-F Fund The Title III-F Fund is used to account for funds used for disease prevention and health promotion activities or services, such as; (1) equipment and materials (scales to weigh people, educational materials, and exercise equipment), (2) home injury control, (3) medication management, (4) mental health, and (5) nutrition (assessment/screening, counseling, and education). The law directs the state agency administering this program to "give priority to areas of the state which are medically underserved and in which there are a large number of older individuals who have the greatest economic and social need.

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 in turn "passes through" the funds to the Council. This program provides community service centers at which older persons receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council operates one senior center in Union Parish, Louisiana.

U.S.D.A. Fund The U.S.D.A. Fund is used to account for the administration of Nutrition program for the Elderly funds provided by the United States Department of Agriculture through the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program reimburses the service provider for each congregate and home-delivered meal served to an eligible participant so that United States food and commodities may be purchased to supplement these programs.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued -

D. Account Groups:

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

General Fixed Assets: The fixed assets (capital outlays) used in governmental fund type operations of Union Council on the Aging, Inc. are accounted (capitalized) in the General Fixed Assets Account Group and are recorded as expenditures in the government fund types when purchased.

General Long-Term Debt: Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group shows only the measurement of financial position and is not involved with measurement of results of operations. Principal and interest payments on long-term liabilities (bank loans and capital lease obligations) are accounted for in the General Fund because the Council intends to use unrestricted resources to pay them and no legal mandate exists to establish a debt service fund.

E. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds, including the General and Special Revenue Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources, and decreases (expenditures and other uses) in net current assets.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS -- CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued -

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. (See Note 3 for the Council's policy for recognizing property tax revenues.) Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following:

- (1) Principal and interest on long-term debt are recorded when due, and
- (2) Claims and judgements and compensated absences are recorded as expenditures when paid with expendable available financial resources.

F. Transfers and Inter-fund Loans:

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 classified as due from other funds or due to other funds on the balance sheet. Short-term inter-fund loans are classified as interfund receivables/payables.

G. Comparative Data:

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Council's financial position and operations. However, presentation of comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total columns on the combined financial statements 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. Inter-fund eliminations have not been made in the aggregation of this data.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued -

H. Budget Policy:

The Council uses the following procedures to derive in the budgetary data, which has been presented in Exhibits C and D of these financial statements.

- The Governor's Office of Elderly Affairs "GOEA" notifies the Council each year as to the funding levels for each program's grant award.
- The Council may also obtain grants from agencies other than GOEA and the Council considers the potential revenues to be earned under those grants.
- Projections are made of revenues from other sources based on past trends and data available to form expectations of future revenues.
- The Executive Director prepares a proposed budget based on the funding levels provided by GOEA and then submits the budget to the Board of Directors for approval.
- The Board of Directors reviews and adopts the budget before May 31st of the current year for the next year.
- The adopted budget is forwarded to the Governor's Office of Elderly Affairs for final approval.
- All budgetary appropriations lapse at the end of each fiscal year (June 30). Occasionally, the Council will receive a special project grant, which may operate on a period different from the Council's normal fiscal year, and therefore, have a specified date when the budgetary appropriations will lapse.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued -

- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.
- Actual amounts are compared to budgeted amounts periodically during the fiscal 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 Governor's Office of Elderly Affairs for funds received under grants from this state agency. As a part of this grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular cost category exceeded the budgeted amount by more than 10%. Otherwise, the excess costs could be labeled as unauthorized expenditures.
- Expenditures cannot legally exceed appropriations on an individual fund level.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.
- Amounts were not budgeted for revenues and expenses for the Utility Assistance Fund because they were not legally required and the amount of revenue to be received under this program could not be determined.

I. Fixed Assets:

Assets which cost at least \$250 and which have an estimated useful life of greater than 1 year are capitalized as fixed assets. All fixed assets are stated at historical cost or estimated historical costs, if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. No depreciation has been provided on general fixed assets.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued -

J. Compensated Absences:

For governmental fund types, the Council's liability for accumulated unpaid vacation has been recorded in the general long-term debt group of accounts. The liability has been determined using the number of vested vacation hours for each employee multiplied by the employee's current wage rate at the end of the year. An amount is added to this total for social security and Medicare taxes. Accrued vacation benefits will be paid from future years' resources and will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees. The Council's sick leave policy does not provide for the vesting of sick leave where payment would have to be made to a terminated employee for any unused portion.

Employees of the Union Council on the Aging, Inc., earn from 10 to 20 days of annual leave each calendar year with 10 days allowed to be carried over to next year, depending on their length of service and the employee's working status (full-time or part-time). Provided that funds are available, employees are compensated upon termination of employment for current-year accrued annual leave of up to 5 days. Employees earn up to 12 days of sick leave each calendar year, and can accumulate up to 60 days, depending upon whether the employee is on a part-time or full-time status. Employees are not paid for accrued sick leave at termination. The ceiling for annual leave for part-time employees, is 10 days per calendar year. Although the employees' leave benefits have not been recognized and accrued at June 30, 1998, the amounts are not material to the financial statements.

K. Related Party Transactions:

The Council, through a wholly owned subsidiary (Union Senior Homes Inc.) entered into a partnership agreement with the husband of one of the Council's board members. Union Senior Homes, Inc. obtained a one-tenth of one percent interest as a general partner in a limited partnership controlled by the related party. The partnership is in the process of constructing a housing project.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued -

L. Reservation and Designations of Fund Balances:

The Council "reserves" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated allocations of fund balances result when the Council's management intends to expend certain resources in a designated manner.

M. Prepaid Expenses:

The Council has elected not to expense amounts paid for future services until those services are consumed to comply with the cost reimbursement terms of its grant agreements. The fund balances in the governmental fund types have been reserved for any prepaid expenses recorded in these funds to reflect the amount of fund balance not currently available for expenditure. There were no prepaid expenses for the year ended June 30, 1998.

N. Management's Use of Estimates:

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

O. Encumbrances:

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not used by the Union Council on the Aging, Inc. in its accounting practices.

P. Inventory:

No inventory at June 30, 1998.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued -

Q. Total Columns on Combined Statements:

The total columns on the combined statements are captioned Memorandum Only (Overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

NOTE 2: REVENUE RECOGNITION - INTERGOVERNMENTAL, PROGRAM SERVICE FEES, PUBLIC SUPPORT, AND MISCELLANEOUS REVENUES

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 (modified accrual basis). 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. Utility assistance funds are provided from public donations via utility company programs. In addition, various fundraisers are held during the year to obtain funds to offset costs of general operations and senior activities. The timing and amounts of the receipts of public support and miscellaneous revenues are difficult to predict; therefore, they are not susceptible to accrual and are recorded as revenue in the period received.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 3: CASH IN BANK

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. The consolidated account also allows those funds with available cash balances to cover any negative cash balances in other funds at yearend. At June 30, 1998, the balance of the Council's consolidated bank account was \$59,495. All of the deposits were covered by federal depository insurance. GASB Statement 3 categorizes the credit risk of these deposits as Category 1 because they are fully insured.

At June 30, 1998, the carrying amount of the Council's deposits was as follows:

Payroll - checking	\$ 0
Operating - checking	55,335
Reserve	<u>4,160</u>
Cash on deposit in banks	<u>\$ 59,495</u>

All of these deposits were covered by federal depository insurance. The reserve account was established per the Farmers Home Administration mortgage agent. (See Note 4).

NOTE 4: GRANTS RECEIVABLE

Grants receivable at June 30, 1998, consisted of reimbursements for expenses incurred under the following programs:

<u>Program</u>	<u>Fund</u>	<u>Funding Agency</u>	<u>Amount</u>
Title III-F	Special Revenue	GOEA	\$ 1,020
U.S.D.A.	Special Revenue	GOEA	<u>4,006</u>
			<u>\$ 5,026</u>

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 5: CHANGES IN GENERAL FIXED ASSETS

	<u>Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u>
Land	\$ 6,000	\$ 0	\$ 0	\$ 6,000
Building	194,180	0	0	194,180
Vehicles	52,605	19,629	14,549	57,685
Furniture & Equipment	<u>54,808</u>	<u>3,666</u>	<u>7,022</u>	<u>51,451</u>
Total General Fixed Assets	<u>\$307,593</u>	<u>\$23,295</u>	<u>\$21,571</u>	<u>\$309,316</u>

NOTE 6: FUNDING POLICIES AND SOURCES OF FUNDS

The Council receives its monies through various methods of funding. U.S.D.A. cash-in-lieu of commodities funds are provided through the Louisiana Governor's Office of Elderly Affairs to help offset raw food costs in Title III C-1 and C-2 programs. This program is funded under the units of service provided method. The Senior Center program and State Allocation (PCOA) funds are received as a monthly allocation of the total budget (grant) in advance of the actual expenditure. The Title III-B, C-1, C-2, and D and F programs are funded based on actual operating costs incurred.

The Council encourages and receives contributions from clients to help offset the costs of the Title III-B, C-1, and C-2 programs. The Union Parish Police Jury also provides funds to the Council. Utility assistance funds are also provided by the Louisiana Association of Council on Aging to the Council under the Helping Hands, and Heating Help.

Energy programs: All of the above mentioned funds, including any other miscellaneous income, are recorded as revenue when the cash is received because the Council cannot predict the timing and amount of receipt.

NOTE 7: ACCOUNTS RECEIVABLE

Contracts receivable at June 30, 1998, consist of reimbursements for expenditures incurred under the following programs:

USDA	\$ 4,006
III-F	1,020
Medicaid	3,187
Police/Jury	200
TOTAL CONTRACT RECEIVABLE	<u>\$ 8,413</u>

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 8: CHANGES IN LONG-TERM DEBT

The following is a summary of transactions relating to the Council's long-term debt during fiscal year 1998. The first is a note with Farmers Home Administration for construction of a building and the purchase of land which are pledged as collateral for this note. The second note is payable to GMAC for the purchase of a vehicle. The note of \$16,629 is secured by the vehicle.

	<u>Balance</u> <u>07/01/97</u>	<u>Principal</u> <u>Additions</u>	<u>Principal</u> <u>Reduction</u>	<u>Balance</u> <u>06/30/98</u>
Note Payable-Bldg	\$201,721	\$ 0	\$ 3,285	\$198,436
Note Payable-Auto	<u>0</u>	<u>16,629</u>	<u>1,265</u>	<u>15,364</u>
TOTAL	<u>\$201,721</u>	<u>\$ 16,629</u>	<u>\$ 4,550</u>	<u>\$213,800</u>

The building note in its entirety is \$204,100 with an interest rate of 5.25% per year. Payments of \$1,129 will be made monthly for 30 years beginning September 14, 1996. The note for the vehicle is payable in 48 monthly installments of \$382 to begin March 19, 1998. The annual interest rate is 4.9%

The future scheduled maturities of long-term debt is as follows:

<u>Year Ending</u> <u>June 30,</u>	
1999	\$ 6,783
2000	7,441
2001	7,827
2002	6,693
2003	3,890
Thereafter	<u>181,166</u>
	<u>\$ 213,800</u>

NOTE 9: PENSION PLAN

All employees of Union Council on the Aging, Inc. are members of the Social Security System. In addition to the employee contribution withheld at 7.65 per cent of gross salary, the Council contributes an equal amount to the Social Security System.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 10: POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Union Council on the Aging, Inc. has no retired employees at June 30, 1998.

NOTE 11: LITIGATION AND CLAIMS

There was no litigation pending against the council at June 30, 1998, nor is the council aware of any unasserted claims.

NOTE 12: IN-KIND CONTRIBUTIONS

The Council received various in-kind contributions during the year. These in-kind contributions have not been recorded in the financial statements as revenues, nor has the expenditure related to the use of the in-kind been recorded.

The primary in-kind contributions consisted of free rent and utilities for the senior center and meal sites, and wages and fringe benefits for volunteer workers.

NOTE 13: INCOME TAX STATUS

The Council, a nonprofit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 14: BOARD OF DIRECTOR'S COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for out-of-town travel expenses incurred in accordance with the Council's regular personnel policy.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 15: FEDERAL AWARDS PROGRAMS

The Council receives revenues from various federal and state grant programs which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. These programs are audited in accordance with the Single Audit Act Amendments of 1996. Any settlements or expenses arising out of a final review are recognized in the period agreed upon by the agency and the Council. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Council's financial position.

NOTE 16: 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 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 17: 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 could differ from those estimates.

NOTE 18: RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the Council's insurance coverage.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS - CONT'D

For the Year Ended June 30, 1998

NOTE 19: INTERFUND TRANSFERS

Operating transfers in and out are listed by fund for 1998:

Funds Transferred Out

Funds Transferred In	Senior Center	Miscellaneous Grants	U.S.D.A.	General Fund	Total In
Title III-B	\$ 10,667	\$ 0	\$ 0	\$ 43,637	\$ 54,304
Title III C-1	0	4,500	13,451	2,400	20,351
Title III C-2	0	0	15,698	4,632	20,330
Title III D	0	0	0	173	173
Title III F	0	0	0	3	3
General Fund:					
Local				1,312	1,312
Medicaid	0	0	0	17,470	17,470
Total Out	<u>\$ 10,667</u>	<u>\$ 4,500</u>	<u>\$ 29,149</u>	<u>\$ 69,627</u>	<u>\$113,943</u>

Saunders & Associates

Certified Public Accountants

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

Board of Directors
Union Council on the Aging, Inc.
Farmerville, Louisiana

We have audited the financial statements of Union Council on the Aging, Inc. as of and for the year ended June 30, 1998, and have issued our report thereon dated November 17, 1998, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*. We conducted our 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 the organization's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered the organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-1, and 98-2.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are a material weakness.

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

Saunders & Associates

SAUNDERS & ASSOCIATES
Certified Public Accountant

November 17, 1998

SUPPLEMENTAL INFORMATION

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 1998

<u>Federal Grantor/Pass Through Grantor Name/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Program Or Award Amount</u>	<u>Revenue Recognized</u>	<u>Expendi- tures</u>
<u>United States Department of Health and Human Services:</u>				
Passed Through the Louisiana Governor's Office of Elderly Affairs - Special Programs for the Aging:				
Title III-B Supportive Services	93.633	\$ 42,228	\$ 42,228	\$ 42,228
Title III C-1 Congregate Meals	93.635	45,472	45,472	45,472
Title III C-2 Home Delivered Meals	93.638	23,689	23,689	23,689
Title III-D In-Home Services	93.641	2,157	2,157	2,157
Title III-F Preventive Health	93.552	<u>2,647</u>	<u>2,647</u>	<u>2,647</u>
 Total United States Department of Health and Human Services		 <u>116,193</u>	 <u>116,193</u>	 <u>116,193</u>
 <u>United States Department of Agriculture:</u>				
Passed Through Louisiana Governor's Office of Elderly Affairs - Food Distribution Program - Cash-In- Lieu-Of Commodities				
	10.550	<u>25,746</u>	<u>25,746</u>	<u>25,746</u>
 TOTAL FEDERAL AWARDS		 \$ <u>141,939</u>	 \$ <u>141,939</u>	 \$ <u>141,939</u>

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

June 30, 1998

	<u>Title IIIB Supportive Services</u>	<u>Title III C-1 Congregate Meals</u>	<u>Title III C-2 Home Delivered Meals</u>	<u>Senior Center</u>	<u>Title III-D In-Home Services</u>
ASSETS					
Cash (Overdraft)	\$ 202	\$ 4,407	\$ 4,851	\$ 22	\$ 2
Receivables	0	0	0	0	0
Land and Buildings	0	0	0	0	0
Vehicles	0	0	0	0	0
Furniture and Equipment	0	0	0	0	0
Amount to be Provided for Long-Term Debt	0	0	0	0	0
TOTAL ASSETS	<u>\$ 202</u>	<u>\$ 4,407</u>	<u>\$ 4,851</u>	<u>\$ 22</u>	<u>\$ 2</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 202	\$ 4,407	\$ 4,851	\$ 22	\$ 2
Accrued Payroll Payable	0	0	0	0	0
Payroll Taxes Payable	0	0	0	0	0
Notes Payable	0	0	0	0	0
Total Liabilities	<u>202</u>	<u>4,407</u>	<u>4,851</u>	<u>22</u>	<u>2</u>
Fund Equity:					
Investment in General Fixed Assets	0	0	0	0	0
Fund Balances:					
Reserved for:					
Utility Assistance	0	0	0	0	0
Unreserved:					
Undesignated	0	0	0	0	0
Designated	0	0	0	0	0
Total Fund Equity	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 202</u>	<u>\$ 4,407</u>	<u>\$ 4,851</u>	<u>\$ 22</u>	<u>\$ 2</u>

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - CONT'D

June 30, 1998

	<u>Title III-F Preventive Health</u>	<u>Utilities Assistance</u>	<u>USDA</u>	<u>Total (Memo Only)</u>
<u>ASSETS</u>				
Cash (Overdraft)	\$ (1,020)	\$ 1,113	\$ (4,006)	\$ 5,571
Receivables	1,020	0	4,006	5,026
Land and Buildings	0	0	0	0
Vehicles	0	0	0	0
Furniture and Equipment	0	0	0	0
Amount to be Provided for Long-Term Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 0</u>	<u>\$ 1,113</u>	<u>\$ 0</u>	<u>\$ 10,597</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>Liabilities:</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 9,484
Accrued Payroll Payable	0	0	0	0
Payroll Taxes Payable	0	0	0	0
Notes Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,484</u>
<u>Fund Equity:</u>				
Investment in General Fixed Assets	0	0	0	0
<u>Fund Balances:</u>				
<u>Reserved for:</u>				
Utility Assistance	0	1,113	0	1,113
<u>Unreserved:</u>				
Undesignated	0	0	0	0
Designated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity	<u>0</u>	<u>1,113</u>	<u>0</u>	<u>1,113</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 0</u>	<u>\$ 1,113</u>	<u>\$ 0</u>	<u>\$ 10,597</u>

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ACTUAL - GENERAL FUND

For the Year Ended June 30, 1998

	Programs of the General Fund		
	Local	PCOA (Act 735)	Total
<u>REVENUES</u>			
Intergovernmental	\$ 0	\$ 11,779	\$ 11,779
Public Support	0	0	0
Miscellaneous	80,810	0	80,810
	80,810	11,779	92,589
<u>EXPENDITURES</u>			
Current:			
Salaries	0	0	0
Fringe	145	0	145
Travel	0	0	0
Operating Services	0	0	0
Operating Supplies	1,937	0	1,937
Other Costs	14,228	0	14,228
Capital Outlay	19,629	0	19,629
Utility Assistance	0	0	0
	35,939	0	35,939
Excess of Revenues Over (Under) Expenditures	44,871	11,779	56,650
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	18,782	0	18,782
Operating Transfers Out	(57,848)	(11,779)	(69,627)
Loan Proceeds	13,618	0	13,618
	(25,448)	(11,779)	(37,227)
Excess (Deficiency) Of Revenues, and Other Sources Over Expenditures and Other Uses	19,423	0	19,423
Fund Balance, Beginning of Year	35,463	0	35,463
FUND BALANCE, END OF YEAR	\$ 54,886	\$ 0	\$ 54,886

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - SPECIAL REVENUE FUND

For the Year Ended June 30, 1998

	<u>Title IIIB Supportive Services</u>	<u>Title III C-1 Congregate Meals</u>	<u>Title III C-2 Home Delivered Meals</u>	<u>Senior Center</u>	<u>Miscell- aneous Grant</u>
<u>REVENUES</u>					
Intergovernmental:					
Office of Elderly Affairs	\$ 49,680	\$ 59,405	\$ 67,870	\$ 22,999	\$ 4,500
Public Support:					
LA Association of Councils on Aging	0	0	0	0	0
Client Contributions	0	16,196	23,715	0	0
Miscellaneous:					
Program Income	4,575	0	0	0	0
Total Revenues	<u>54,255</u>	<u>75,601</u>	<u>91,585</u>	<u>22,999</u>	<u>4,500</u>
<u>EXPENDITURES</u>					
Current:					
Salaries	50,823	28,928	32,150	4,580	0
Fringe	4,472	2,678	2,946	361	0
Travel	3,626	565	7,554	18	0
Operating Services	19,378	13,351	12,188	7,305	0
Operating Supplies	7,781	2,402	2,634	0	0
Other Costs	22,479	48,029	54,442	68	0
Capital Outlay	0	0	0	0	0
Utility Assistance	0	0	0	0	0
Total Expenditures	<u>108,559</u>	<u>95,953</u>	<u>111,914</u>	<u>12,332</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(54,304)</u>	<u>(20,352)</u>	<u>(20,329)</u>	<u>10,667</u>	<u>4,500</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In	54,304	20,352	20,329	0	0
Operating Transfers Out	0	0	0	(10,667)	(4,500)
Total Other Financing Sources (Uses)	<u>54,304</u>	<u>20,352</u>	<u>20,329</u>	<u>(10,667)</u>	<u>(4,500)</u>
Excess (Deficiency) of Revenues, and Other Sources Over Expenditures and Other Uses	0	0	0	0	0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - SPECIAL REVENUE FUND

For the Year Ended June 30, 1998

	<u>Title III-D In-Home Services</u>	<u>Title III-F Preventive Health</u>	<u>Utilities Assistance Fund</u>	<u>USDA</u>	<u>Total (Memo Only)</u>
REVENUES					
Intergovernmental:					
Office of Elderly Affairs	\$ 2,539	\$ 3,114	\$ 0	\$ 25,746	\$ 235,853
Public Support:					
LA Association of Councils on Aging	0	0	834	0	834
Client Contributions	2	0	0	0	39,913
Miscellaneous:					
Program Income	0	0	0	0	4,575
Total Revenues	<u>2,541</u>	<u>3,114</u>	<u>834</u>	<u>25,746</u>	<u>281,175</u>
EXPENDITURES					
Current:					
Salaries	1,732	0	0	0	118,213
Fringe	165	0	0	0	10,622
Travel	428	0	0	0	12,191
Operating Services	227	0	0	0	52,449
Operating Supplies	26	122	0	0	12,965
Other Costs	136	0	0	0	125,154
Capital Outlay	0	2,995	0	0	2,995
Utility Assistance	0	0	1,309	0	1,309
Total Expenditures	<u>2,714</u>	<u>3,117</u>	<u>1,309</u>	<u>0</u>	<u>335,898</u>
Excess of Revenues Over (Under)					
Expenditures	<u>(173)</u>	<u>(3)</u>	<u>(475)</u>	<u>25,746</u>	<u>(54,723)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	173	3	0	0	95,161
Operating Transfers Out	0	0	0	(29,149)	(44,316)
Total Other Financing Sources (Uses)	<u>173</u>	<u>3</u>	<u>0</u>	<u>(29,149)</u>	<u>50,845</u>
Excess (Deficiency) of Revenues, and Other Sources Over Expenditures and Other Uses	0	0	(475)	(3,403)	(3,878)
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>1,588</u>	<u>3,403</u>	<u>4,991</u>
FUND BALANCE, END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,113</u>	<u>\$ 0</u>	<u>\$ 1,113</u>

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

STATEMENT OF EXPENDITURES - BUDGET (GAAP) AND ACTUAL -
SPECIAL REVENUE FUND TYPES

For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Title III-B Supportive Services</u>			
Salaries	\$ 46,549	\$ 50,823	\$ 4,274
Fringe Benefits	4,199	4,472	273
Travel	5,649	3,626	(2,023)
Operating Services	17,584	19,378	1,794
Operating Supplies	6,966	7,781	815
Other Costs	11,211	22,479	11,268
Capital Outlay	0	0	0
Subtotal	<u>92,158</u>	<u>108,559</u>	<u>16,401</u>
Transfers In From PCOA	(311)	0	311
Transfers In From Miscellaneous Grant	(4,500)	0	4,500
Transfers In From Senior Center	(5,557)	(10,667)	(5,110)
Transfers In From General Fund	(28,910)	(43,637)	(14,727)
Total Title III-B	<u>\$ 52,880</u>	<u>\$ 54,255</u>	<u>\$ 1,375</u>
 <u>Title III C-1 Congregate Meals</u>			
Salaries	\$ 30,031	\$ 28,928	\$ (1,103)
Fringe	2,917	2,678	(239)
Travel	813	565	(248)
Operating Services	12,919	13,351	432
Operating Supplies	2,781	2,402	(379)
Other Costs	55,050	48,029	(7,021)
Capital Outlay	0	0	0
Subtotal	<u>104,511</u>	<u>95,953</u>	<u>(8,558)</u>
Transfer In From USDA	0	(13,452)	(13,452)
Transfers In From Miscellaneous Grant	0	(4,500)	(4,500)
Transfer In From General Fund	(3,386)	(2,400)	986
Transfer In From PCOA	(9,701)	0	9,701
Total Title III C-1	<u>\$ 91,424</u>	<u>\$ 75,601</u>	<u>\$ (15,823)</u>
 <u>Title III C-2 Home Delivered Meals</u>			
Salaries	\$ 33,190	\$ 32,150	\$ (1,040)
Fringe	3,183	2,946	(237)
Travel	7,546	7,554	8
Operating Services	10,890	12,188	1,298
Operating Supplies	3,151	2,634	(517)
Other Costs	49,589	54,442	4,853
Capital Outlay	0	0	0
Subtotal	<u>107,549</u>	<u>111,914</u>	<u>4,365</u>
Transfer In From USDA	0	(15,697)	(15,697)
Transfer In From General Fund	(13,873)	(4,632)	9,241
Total Title III C-2	<u>\$ 93,676</u>	<u>\$ 91,585</u>	<u>\$ (2,091)</u>

* The accompanying notes are an integral part of the financial statements

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

STATEMENT OF EXPENDITURES - BUDGET (GAAP) AND ACTUAL - CONT'D
SPECIAL REVENUE FUND TYPES

For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Senior Center</u>			
Salaries	\$ 8,116	\$ 4,580	\$ (3,536)
Fringe	645	361	(284)
Travel	0	18	18
Operating Services	8,681	7,305	(1,376)
Operating Supplies	0	0	0
Other Costs	0	68	68
Capital Outlay	0	0	0
Subtotal	<u>17,442</u>	<u>12,332</u>	<u>(5,110)</u>
Transfer Out to IIIB	5,557	10,667	5,110
Total Senior Center	<u>\$ 22,999</u>	<u>\$ 22,999</u>	<u>\$ 0</u>
<u>Title III-D In-Home Services</u>			
Salaries	\$ 3,396	\$ 1,732	\$ (1,664)
Fringe Benefits	294	165	(129)
Travel	323	428	105
Operating Services	294	227	(67)
Operating Supplies	52	26	(26)
Other Costs	150	136	(14)
Capital Outlay	0	0	0
Subtotal	<u>4,509</u>	<u>2,714</u>	<u>(1,795)</u>
Transfer In From PCOA	(1,767)	0	1,767
Transfer In From Miscellaneous Grant	0	0	0
Transfer In From General Fund	(202)	(173)	29
Total Title III-D In-Home Services	<u>\$ 2,540</u>	<u>\$ 2,541</u>	<u>\$ 1</u>
<u>Title III-F Preventive Health</u>			
Salaries	\$ 0	\$ 0	\$ 0
Fringe Benefits	0	0	0
Travel	0	0	0
Operating Services	0	0	0
Operating Supplies	0	123	123
Other Costs	0	0	0
Capital Outlay	3,114	2,995	(119)
Subtotal	<u>3,114</u>	<u>3,118</u>	<u>4</u>
Transfer In From Miscellaneous Grant	0	0	0
Transfer In From General Fund	0	(3)	(3)
Total Title III-F Preventive Health	<u>\$ 3,114</u>	<u>\$ 3,115</u>	<u>\$ 1</u>

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

STATEMENT OF EXPENDITURES - BUDGET (GAAP) AND ACTUAL - CONT'D
SPECIAL REVENUE - FUND TYPES

For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Miscellaneous Grant</u>			
Salaries	\$ 0	\$ 0	\$ 0
Other Costs	0	0	0
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>
Transfer Out To C-1	0	4,500	4,500
Transfer Out To III D	0	0	0
Transfer Out To III B	4,500	0	(4,500)
Total Miscellaneous Grant	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ 0</u>
 <u>USDA</u>			
Salaries	\$ 0	\$ 0	\$ 0
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>
Transfer Out To III C-1	0	13,451	13,451
Transfer Out To III C-2	0	15,698	15,698
Total USDA	<u>\$ 0</u>	<u>\$ 29,149</u>	<u>\$ 29,149</u>

* The accompanying notes are an integral part of the financial statements

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS AND
CHANGES IN GENERAL FIXED ASSETS

For the Year Ended June 30, 1998

	<u>Balance June 30, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1998</u>
<u>General Fixed Assets, At Cost:</u>				
Vehicles	\$ 52,605	\$ 19,629	\$ 14,549	\$ 57,685
Office Furniture and Equipment	<u>54,807</u>	<u>3,666</u>	<u>7,022</u>	<u>51,451</u>
Total General Fixed Assets	<u>\$ 107,412</u>	<u>\$ 23,295</u>	<u>\$ 21,571</u>	<u>\$ 109,136</u>
<u>Investment in General Fixed Assets:</u>				
Property Acquired Prior to July 1, 1985**	\$ 6,455	\$ 0	\$ 1,079	\$ 5,376
Property Acquired After July 1, 1985				
With Funds From -				
Act 735	53,605	671	14,549	39,727
Local Fund	3,378	0	0	3,378
General Fund	0	19,629	0	19,629
Title III C-1	9,675	0	425	9,250
Title III C-2	5,925	0	314	5,611
Title III-B Supportive Services	14,585	0	4,621	9,964
Senior Center	5,199	0	583	4,616
III-D	272	0	0	272
III-F	<u>8,318</u>	<u>2,995</u>	<u>0</u>	<u>11,313</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 107,412</u>	<u>\$ 23,295</u>	<u>\$ 21,571</u>	<u>\$ 109,136</u>

NOTE: This schedule does not include FMHA construction or land purchase.

** Records reflecting sources from which assets were acquired were not maintained prior to July 1, 1985

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

SCHEDULE OF PRIORITY SERVICES -
TITLE III, PART B - GRANT FOR SUPPORTIVE SERVICES

For the Year Ended June 30, 1998

			<u>% of GOEA Grant</u>
Access (30%):	Assisted Transportation	\$ 2,540	
	Case Management	770	
	Transportation	28,409	
	Information and Assistance	989	
	Outreach	<u>906</u>	
	Total Access Expense	\$ 33,614	67.66%
In-Home (15%):	Homemaker	20,975	
	Chore	0	
	Telephoning	0	
	Visiting	0	
	Adult Daycare/Health	0	
	Personal Care	<u>23,418</u>	
	Total In-Home Expenses	44,393	<u>89.35%</u>
Legal (5%):	Legal Assistance	0	<u>0.00%</u>
Non-Priority Services		<u>30,551</u>	
Total Title III B - Supportive Services Expenditures		108,558	
Less: Participant Contributions		(4,575)	
Other /Local Funds		(31,858)	
Transfer In		<u>(22,445)</u>	
Title III B - Supportive Services Grant		49,680	
Less: Transfers of Contract Allotments		<u>0</u>	
		<u>\$ 49,680</u>	

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

STATUS OF PRIOR YEAR AUDIT FINDINGS

June 30, 1998

INTERNAL CONTROL

97-1 TIMESHEETS AND ANNUAL LEAVE REQUEST AND TRAVEL VOUCHER

Condition: The Executive Director currently approves her own timesheets, annual leave requests, and travel vouchers.

Current Status: This finding has been cleared.

97-2 COMMUNITY TRUST BANK ACCOUNT

Condition: During the course of the audit, we located a bank account with the agency tax identification number that is not currently posted to the books of the agency. This account was reviewed and the activity appears to be an in and out type account for trips sponsored by the Council.

Current Status: This finding has been cleared.

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 1998

INTERNAL CONTROL

98-1 INTERNAL CONTROL OVER FUND RAISING EVENTS

Condition: After a review of the entity's internal control procedures over fund raising events, certain weaknesses were noted. When pre-numbered tickets are sold, there is no record kept of what tickets were sold and not sold. Therefore, the entity has no way of determining whether or not all cash collected was subsequently turned in and accounted for.

Recommendation: SAUNDERS & ASSOCIATES recommends that the entity develop a record keeping system to account for all ticket sales for fund raising events.

Reply: Union Council on Aging has never used pre-numbered tickets for a fund-raiser. The following procedures will be used for all subsequent fund-raisers. A log will be kept by one designated employee with the number of tickets issued; to whom they were issued; date issued; date returned; amount of money received. All tickets and money will be accounted for and records kept on file. Since there was more money returned than number of tickets sold, we feel all cash collected was turned in.

98-2 DOCUMENTATION AND RECORD RETENTION

Condition: The Union Council on the Aging, Inc. does not have copies of organizational documentation for Union Senior Homes, Inc.

Recommendation: SAUNDERS & ASSOCIATES recommends that Union Council on the Aging, Inc. obtain all legal documents pertaining to Union Senior Homes, Inc., its financial condition, and any contingent liabilities.

Reply: The council attorney has been contacted and copies of all related materials are being sent for the files of Union Council on Aging, Inc.

* The accompanying notes are an integral part of the financial statements.

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 1998

98-3 REPORT FILING DEADLINE

Criteria: It is the responsibility of management to provide auditors with information in a timely manner.

Condition: Due to the delay of the Council's attorney to provide auditors with necessary information to complete the audit, the auditor's report was not filed by the December 31, 1998 deadline.

Cause/Effect: Failure to file report on time could result in monetary penalties.

Recommendation: SAUNDERS & ASSOCIATES recommends that the council discuss the filing deadline with the attorney to ensure that all necessary documentation is submitted in a timely manner.

Reply: The Council has discussed this finding with the attorney, and corrective action has been taken.

* The accompanying notes are an integral part of the financial statements.

***Memorandum of Suggestions on Accounting
Procedures and System of Internal Controls***

***Union Council on the Aging, Inc.
Farmerville, Louisiana***

For the Year Ended June 30, 1998

***Contact Person
G. B. SAUNDERS***

November 17, 1998

***SAUNDERS & ASSOCIATES
Certified Public Accountants
630 East 17th Street
P. O. Box 1406
Ada, Oklahoma 74820
(580) 436-5330
FAX: (580) 332-2272***

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Certified Public Accountants

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E-mail www.sndrsgrp@chickasaw.com

Board of Directors
Union Council on the Aging, Inc.
Farmerville, Louisiana

The accompanying Management Letter includes suggestions for improvement of accounting procedures and internal accounting controls that came to our attention as a result of our examination of the financial statements of the Union Council on the Aging, Inc., Farmerville, Louisiana, for the year ended June 30, 1998. The matters discussed herein were considered by us during our examination and do not modify the opinion expressed in our auditor's report dated November 17, 1998 on such financial statements.

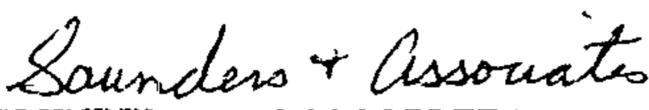
In accordance with generally accepted auditing standards we made a review of the Union Council on the Aging, Inc.'s system of internal accounting controls for the purpose of providing a basis for reliance thereon, in determining the nature, timing and extent of substantive testing of the June 30, 1998 financial statements. While certain matters that came to our attention during the review are presented in the accompanying Management Letter for the consideration of the Board, our review did not encompass all control procedures and techniques and was not designed for the purpose of making detailed recommendations.

The accompanying Management Letter also includes comments and suggestions with respect to other financial and administrative matters that came to our attention during the course of our examination. These matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting control and other financial and administrative practices and procedures.

This Management Letter is intended solely for the benefit of management and the board of directors, and is not to be used for any other purpose.

We wish to express our appreciation for the courtesies and cooperation extended to our representatives during the course of their work. We would be pleased to discuss these suggestions and comments in greater detail or otherwise assist in their implementation.

Sincerely,


SAUNDERS & ASSOCIATES
Certified Public Accountants

November 17, 1998

UNION COUNCIL ON THE AGING, INC.
Farmerville, Louisiana

MANAGEMENT LETTER

June 30, 1998

1. SOFTWARE AND HARDWARE YEAR 2000 COMPLIANCE (Y2K)

Criteria: It is the responsibility of Union Council on the Aging, Inc. to safeguard its assets and account for and document its financial and programmatic activities and produce accurate and timely financial statements and programmatic reports.

Condition: It appears that Union Council on the Aging, Inc. has discussed the Y2K compliance issues within management, however, during our examination we could not confirm that they had addressed all of their systems for Y2K compliance or developed a contingency plan.

Cause/Effect: Should any systems fail due to Y2K's non-compliance, Union Council on the Aging, Inc. could potentially lose the ability to produce timely and accurate programmatic and financial information as well as lose control over its assets.

Recommendation: SAUNDERS & ASSOCIATES strongly recommends that Union Council on the Aging, Inc. review all software programs and hardware to ensure that they are Y2K compliant. Priorities should be placed on account systems and any other system that utilizes dates or are date sensitive. They should especially ensure any data base they control or have access to is Y2K compliant. They should also assess the effect of Y2K on major grantors, vendors, service providers, bankers and other third-party organizations, and how non-compliance could possibly effect them. They should consider developing a Y2K contingency plan.