

Financial Report

**Washington Council on the Aging, Inc.
Franklinton, Louisiana**

June 30, 2010

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 2/23/11

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Franklinton, Louisiana**

June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Washington Council on the Aging, Inc.
Franklinton, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) as of and for the year ended June 30, 2010, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1u to the financial statements, the Council has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2010.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 17, 2010, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 17) and budgetary comparison information (pages 65 through 69) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements as a whole. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds, the Comparative Schedule of Capital Assets and Changes in Capital Assets, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance

with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baton Rouge, Louisiana,
December 17, 2010

Neil Ferrari, CPA

Neil G. Ferrari, CPA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Washington Council on the Aging, Inc.

The following discussion and analysis of the Washington Council on the Aging, Inc.'s (the Council) financial performance provides an overview of the Council's financial performance and activities for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts. This document should be read in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Council showed an increase in overall net assets of \$4,839, or about 1.7% this year.
- Net capital assets of the Council increased by \$34,223, or about 31%.
- The Council's fund revenues increased by \$95,582, or about 8%.
- Fund expenditures increased by \$81,169, or 7%.
- The unassigned fund balance for the Council's General Fund was \$121,693, at year-end, which is a \$27,010, or 18%, decrease from the prior year.
- No deficit fund balances existed at year-end.
- The Council's major liabilities consisted of current liabilities due to vendors of \$22,904.
- The Council did not have any long-term liabilities.
- Administrative expenses decreased this year by \$9,604, which is a 3.6% decrease from last year.

HOW TO USE THIS ANNUAL REPORT

The Council's annual financial report consists of five main parts:

- (1) Management's discussion and analysis (this section)
- (2) The basic financial statements (government-wide and fund)
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA
- (5) Supplementary information required by OMB Circular A-133, and
- (6) Auditor reports.

Government-wide financial statements are comprised of the Statement of Net Assets (Exhibit A) and the Statement of Activities (Exhibit B). These financial statements provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, the fund financial statements, which consist of the Fund Balance Sheet (Exhibit C) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D), tell how services were financed in the short-term, as well as what remains for future spending for governmental funds.

Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

The auditor has provided assurance in his independent auditor's report, located immediately before this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor has also provided assurance about the Supplementary Financial Information required by GOEA (Governor's Office of Elderly Affairs) and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* that follows later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements, which present different views about the Council, along with notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are prepared using the accrual basis of accounting and are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private sector business. When using these financial statements the user should consider whether the Council's finances, as a whole, have improved or deteriorated since last year. The government-wide financial statements found on pages 19 and 20 report the Council's net assets and changes in them. However, to assess the overall financial position of the Council, the user must also consider non-financial factors, such as, the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Net Assets presents all assets and liabilities and the Council's financial position at year end, whereas the Statement of Activities presents information showing how the Council's net assets changed during this fiscal year as a result of the Council's activities. In this statement all changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future fiscal periods. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function, which is the governmental activity of the Council, is comprised of various programs that

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

include supportive social services, non-elderly transportation, nutritional services, disease prevention and health promotion, family caregiver support, case management, Medicare outreach and enrollment, and senior citizen activities. Subprogram activities are also presented, in some cases, to help the reader analyze the Council's operations in more detail. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the service are not required to pay for what they receive. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. Note that the Council does charge fees for its non-elderly, general public transportation services, but the Council does not intend or expect the fees to cover the costs of operating this program. The Statement of Activities for this program clearly shows the deficit at which it operates despite the fees charged.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Council are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Accordingly, the governmental funds use the modified accrual basis of accounting. Because the focus of governmental funds is narrower than that of the government-wide financial statements, comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements can be useful. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Council has presented the General Fund, Title III B Fund, Title III C-1 Fund, Title III C-2 Fund, and JARC Fund as "major" governmental funds. All "non-major" governmental funds are presented in one column on the fund financial statements, titled Non-Major Funds. A combining Schedule of Revenues, Expenditures, and Changes in Fund Balance of the non-major governmental funds can be

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

found on page 74. Major funds are those whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which management subjectively believes is important to the Council's financial statement users. Despite not having met the quantitative criteria to be a major fund, management elected to present the Title C-1 Fund as a major fund in this year's financial statements.

The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are restricted or committed to expenditure for specified purposes other than debt service or capital projects. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues. Most special revenue funds have no fund balance at year-end because all revenue received is expended in the same year. The utility assistance fund is one special revenue fund that typically has a fund balance at year end because any unspent revenue at year end does not have to be returned to a grantor or donor.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 25 and should be read before making assumptions or drawing conclusions about the Council's financial condition.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has an adopted annual budget. The schedules compare the original and final budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

Management's Discussion and Analysis (MD&A) is also required supplementary information (RSI) by GASB Statement 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package and not with the other RSI, which is included later in this reporting package.

OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 74 and 75. This information will be used by GOEA to verify the accuracy of the information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

SUPPLEMENTARY INFORMATION REQUIRED BY OMB CIRCULAR A-133

OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* requires a Schedule of Expenditures of Federal Awards to be included as supplemental information. This schedule will present information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council.

**AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

The following table reflects condensed information on the Council's assets, liabilities, and net assets for fiscal years 2010 and 2009:

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

	2010	2009	Increase (Decrease)
Current and Other Assets:			
Current Assets	\$ 161,190	\$ 288,009	\$ (126,819)
Other Assets	10,631	5,752	4,879
Capital Assets, net of depreciation	144,921	110,698	34,223
Total Assets	<u>316,742</u>	<u>404,459</u>	<u>(87,717)</u>
Current Liabilities	22,920	115,476	(92,556)
Total Liabilities	<u>22,920</u>	<u>115,476</u>	<u>(92,556)</u>
Net Assets:			
Invested in Capital Assets	144,921	110,698	34,223
Restricted	4,470	3,967	503
Unrestricted	144,431	174,318	(29,887)
Total Net Assets	<u>\$ 293,822</u>	<u>\$ 288,983</u>	<u>\$ 4,839</u>

As noted earlier, net assets may serve over time as a useful indicator of the Council's financial position. As of June 30, 2010 and 2009, the Council "as a whole" had assets greater than its liabilities of \$293,822 and \$288,983, respectively, which represents an overall increase of \$4,839 for the year. About 49% and 60% of the Council's total net assets are unrestricted as of June 30, 2010 and 2009, respectively. Unrestricted net assets are important because they represent resources that management has available to adapt to changes in the economy, emergencies, unexpected needs, and reduction in or termination of grant revenues by government agencies.

The Council's restricted net assets represent about 1.5% and 1.4% of the Council's total net assets as of June 30, 2010 and 2009, respectively. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them. For 2010 and 2009, there is no debt that has to be subtracted from the capital asset amount. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps assure management will stay within its financial means so that future revenues will be spent for client services instead of debt service.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

Current assets decreased by \$126,819 in 2010. Of this decrease, \$121,626 can be primarily linked to a decrease in the Council's cash and investments since last year. A corresponding large decrease in current liabilities of \$92,556 can explain most of why the cash and investments decreased in FY 2010. Also, the Council acquired some capital assets in FY 2010, which explains the additional element of the decrease in cash and investments this year.

The following table summarizes the revenues and expenses that produced the changes in net assets for fiscal years 2010 and 2009.

Revenues	2010	% of Total	2009	% of Total
Program Revenues:				
Charges for services	\$ 95,989	7.57%	\$ 98,381	8.39%
Operating Grants and Contributions	627,629	49.50%	571,817	48.75%
Capital Grants and Contributions	53,221	4.20%	0	0.00%
General Revenues:				
Property Taxes	385,142	30.37%	390,441	33.29%
Unrestricted Grants and Contributions	93,550	7.38%	105,814	9.02%
Other General Revenues	12,503	0.99%	6,388	0.54%
Total Revenues	1,268,034	100.00%	1,172,841	100.00%
Direct Program Expenses of the Health, Welfare, and Social Services Function:				
Supportive Services:				
Priority Services:				
Transportation of the elderly	225,126	17.82%	216,941	17.78%
Other supportive services	215,900	17.09%	168,377	13.80%
Transportation Services-non-elderly	318,746	25.23%	313,615	25.71%
Nutrition Services:				
Congregate Meals	84,133	6.66%	98,565	8.08%
Home-delivered Meals	118,556	9.39%	127,399	10.44%
Food bank and vouchers	0	0.00%	3,852	0.32%
Other Health, Welfare & Social Services	47,833	3.79%	28,779	2.36%
Direct Administrative Expenses	252,901	20.02%	262,505	21.52%
Total Expenses	1,263,195	100.00%	1,220,033	100.00%
Increase (Decrease) in Net Assets	4,839		(47,192)	
Net assets, beginning of year	288,983		336,175	
Net assets, end of year	\$ 293,822		\$ 288,983	

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

For 2010, the Council's total revenues increased \$95,193 or 8.1% from 2009, whereas total expenses for 2010 increased by \$43,162 or 3.5% from 2009.

As illustrated by the table above, the Council gets most of its revenues from operating grants & contributions that are specifically related to a program and must be used in the programs to which they relate. This was the second year the Council received property tax revenue, which made up the second largest revenue. Unrestricted grants and contributions represent about 7% of gross revenues. This type of revenue is important because it is available for management's discretionary use. Charges for services arise from fees the Council has charged for providing a particular service and this revenue is used to pay for the expenses of the programs for which the fees were charged.

The expenses in the table have been presented by primary programs, with some additional details about the subprograms. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocations were made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year and last year. The expense allocations are a good indication of the demand for each type of service.

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Washington Parish and right now these two services are in the greatest demand. However, there is a growing demand for other supportive services, especially homemaker. As these demands increase, management will adjust its annual budget to reallocate available resources to meet the demands.

Another area of interest on the Statement of Activities relates to the total governmental activities column wherein the Council shows that most of the governmental activities have more expenses than revenues. In other words, they are not self-supporting. However, on occasion, a program might appear to "break even" or even make a slight "profit" because the actual cost of providing a particular service was less than the contracted unit reimbursement cost. Nevertheless, the Council's ability to support all governmental activities relies heavily on general revenues, particularly the local property tax. This financial relationship is expected and budgets are prepared accordingly. Traditionally,

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

general revenues are used to cover the excess of expenses over revenues in these activities. Without the property tax revenue and the unrestricted grants and contributions, the Council would be unable to provide services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services as well as reallocating them to meet future demands.

Another indication of how money is used efficiently or inefficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2010, total administration expenses were \$252,901 or 20% of total expenses, whereas these same expenses were \$262,505 or 22% of total expenses in 2009. Administration expenses include indirect type costs, which are costs that are not specifically identified with a particular program but benefit all programs.

AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND
FINANCIAL STATEMENTS

Fund Balances

The Council showed a combined governmental fund balance of \$134,178 (as shown on the Fund Financial Statement's Balance Sheet) at the end of this year, which is a decrease of \$35,218 from the prior year. The General Fund decreased by \$35,244 this year, and the combined fund balances of the Special Revenue Funds increased by \$26.

Also note that this year the Council has implemented the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement will cause the components of the Fund Balance to be presented differently when compared to prior years.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

Revenues

The combined fund revenues increased \$95,582 this year versus last year, as shown in the table below.

	2010		2009		Increase/(Decrease)	
	\$	%	\$	%	Amount	Percent
Intergovernmental	\$ 727,544	56.67%	\$ 620,827	52.25%	\$ 106,717	17.19%
Property Taxes	399,115	31.09%	404,028	34.00%	(4,913)	-1.22%
Program Service Fees	95,989	7.48%	98,381	8.28%	(2,392)	-2.43%
Public Support	46,856	3.65%	55,697	4.69%	(8,841)	-15.87%
Interest Income	1,384	0.11%	1,516	0.13%	(132)	-8.71%
Miscellaneous	12,850	1.00%	7,707	0.65%	5,143	66.73%
Total Revenues	\$ 1,283,738		\$ 1,188,156		\$ 95,582	8.04%

Intergovernmental revenues consist primarily of federal, state and local government grants, most of which are restricted to use for specific programs and services. The amount of annual funding from intergovernmental grants remains rather constant from year to year; however, some grant amounts may change based upon the volume of the units of service provided by the Council.

The \$106,717 net increase in intergovernmental revenue in 2010 was the result of the Council receiving (1) \$44,735 more in Hurricane Katrina recovery funds, (2) \$43,721 more from its JARC grant, (3) \$19,713 more from its Section 5311 grant, (4) \$6,945 more from Capital Area on Aging (CAAA), (5) \$2,242 more from GOEA, and (6) no Emergency Food and Shelter Program (EFSP) funds compared to \$10,639 it received in 2009. The Council used Hurricane Katrina recovery funds to purchase a new vehicle this year. The increase in the Section 5311 and JARC revenues are a result of more costs being incurred in these programs in 2010 versus 2009. As the eligible costs increase, so does the grant revenue, assuming the grant is large enough to absorb the increase in expenditures. The Council received more CAAA revenue for being able to generate more units of service in 2010 versus 2009. The increase in GOEA intergovernmental revenue was because the Council received Medicare Improvement for Patients and Providers Act (MIPPA) funding in FY 2010.

This was the second year the Council received property tax revenue which accounted for 31% of its total revenues this year.

Program service fees were \$95,989 and \$98,381 and represent 7.5% and 8.3% of the Council's total revenues for 2010 and 2009, respectively. The reason for a decrease in program service fees is primarily because the decrease in demand for general public transportation services.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

The Council also receives public support in the form of restricted and unrestricted donations from its clients and the general public. Public support allows the Council to maintain and expand services. Public support comes from donations from the general public, client contributions, utility companies, and the United Way.

The increase in miscellaneous revenues of \$5,143 is mainly because the Council sold one used van in FY 2010 for \$6,500, whereas it did not sell any vans in FY 2009.

Expenditures

Total expenditures increased by \$81,169 this year, as shown in the table below.

	2010	2009	Increase/(Decrease)	
			Amount	Percent
Personnel	\$ 770,325	\$ 734,036	\$ 36,289	4.94%
Fringe	75,267	72,944	2,323	3.18%
Travel	49,237	42,103	7,134	16.94%
Operating Services	103,801	109,802	(6,001)	-5.47%
Operating Supplies	76,429	89,144	(12,715)	-14.26%
Other Costs	78,244	62,753	15,491	24.69%
Full Service	11,826	3,473	8,353	240.51%
Meals	69,632	81,498	(11,866)	-14.56%
Utility Assistance	6,236	14,192	(7,956)	-56.06%
Capital Outlay	53,221	5,104	48,117	942.73%
Intergovernmental	24,738	22,738	2,000	8.80%
	<u>\$ 1,318,956</u>	<u>\$ 1,237,787</u>	<u>\$ 81,169</u>	<u>6.56%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

Personnel costs increased this year primarily because the Council expanded its homemaker services. Last year homemaker wages were \$67,699, whereas they were \$104,216 this year, an increase of \$36,517. As personnel costs increase, so do fringe costs. Travel costs increased in 2010 because the Council expanded its homemaker services and had to reimburse the homemakers for using their personal vehicles. Operating services decreased in 2010 due to the decrease in vehicle maintenance costs. Operating supplies showed a decrease in 2010 primarily due to decreases in overall supplies. Full service costs increased in 2010 primarily because the Council distributed \$10,551 of caregiver vouchers, whereas it did not provide this assistance in 2009. Also, there was less demand for home repair assistance. Other costs increased in 2010 because the Council retained an attorney to provide general legal services (\$22,000), whereas the rest of the "other cost" components collectively declined by about \$6,500. Utility assistance expenditures decreased in FY 2010 as a result of less demand for the service during the year. Capital outlay expenditures in 2010 represent the costs to purchase one new vehicle (in the Council's name), whereas last year no new vehicles were bought.

AN ANALYSIS OF THE GENERAL FUND BUDGET

Over the course of this past fiscal year, the budget was amended one time. The amendment was approved at a Board of Directors meeting on November 19, 2009. The amendment effectively approves any expenditure that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA and Capital Area Agency on Aging (CAAA).

A schedule presenting the original and final (amended) budgets for the General Fund can be found in the Supplementary Financial Information Required by GASB Statement 34 section of this report. When reviewing the budget versus actual schedule, the reader will note that, even though there are line item variances, the overall net unfavorable variance is \$42,764. The main reasons for the overall unfavorable variance with the final budget are: (1) the Council budgeted \$420,613 for its property tax revenue without considering any amounts that might be uncollectible or any supplemental additions or reductions the assessor might make to the original taxes due, (2) the Council did not budget enough intergovernmental expenditures to account for its share of matching funds (\$10,765) for a new van that the Town of Franklinton acquired on behalf of the Council, and (3) the Council miscalculated how much revenue it would receive and related expenditures it would incur relative to nonelderly transportation services accounted for in its General Fund. Instead, the elderly transportation program received more money and expended more costs thereby creating similar variances in the Council's Title III B Fund. The difference in the transfer out amounts arises because management did not have

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

to use as much General Fund resources to cover deficits in the special revenue fund programs. The variance in the *transfers in* amount arises because management did not expect the cost of any special revenue fund program to exceed the revenues generated by its unit cost grants but, on occasion, this scenario happens.

AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the Council had \$144,921, in capital assets net of accumulated depreciation. This amount is a net decrease over last year of \$34,223, which is made up of additions of \$53,221 and the current year depreciation expense of \$(18,998).

Capital Assets, Net of Depreciation			
	June 30, 2010	June 30, 2009	Increase (Decrease)
Vehicles	\$ 48,398	\$ 8,732	\$ 39,666
Equipment	7,894	9,658	(1,764)
Building and Improvements	79,629	83,308	(3,679)
Land	9,000	9,000	0
	<u>\$ 144,921</u>	<u>\$ 110,698</u>	<u>\$ 34,223</u>

The capital asset addition during the year consisted of one new vehicle (\$53,221).

The Council had five vans titled in its name at the end of the fiscal year, which are included in capital assets. The Council also had the use of nine additional vans which are owned by Town of Franklinton, which are not included in the capital assets of the Council. All vans were operational at year end. However, during FY 2011 management will receive 5 new 12 passenger vans, which will replace 5 old 12 passenger vans in the current fleet. All of these vans will be paid for with 100% federal ARRA money.

The Council did not have any long-term debt related to its capital assets and does not like to incur any debt as a matter of financial stewardship.

More detailed information can be found about the Council's capital assets in Notes 1 and 5 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Council receives most of its funding from property taxes and federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of services provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2011, it was important to management that at least the same level of service be delivered to clients and the public as were provided in FY 2010. There are no plans to add or terminate any programs in 2011. All the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2011. There have been no significant changes to the funding levels or terms of the grants and contracts.

For FY 2011, the Council has budgeted revenues of \$1,265,839 and expenditures of \$1,208,287 producing an excess of revenues over expenditures of \$57,552. The FY 2011 budget has been approved by Capital Area Agency on Aging.

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Nancy McBeth, Executive Director at 1025 Dobson Street, Franklinton, Louisiana 70438 or by phone at (985) 839-4535.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A

STATEMENT OF NET ASSETS
Washington Council on the Aging, Inc.
Franklinton, Louisiana
June 30, 2010

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments	\$ 72,155
Receivables:	
Capital Area Agency on Aging	17,964
Governor's Office of Elderly Affairs	2,242
Office of Family Support	2,256
Town of Franklinton	56,350
Other Entities	2,269
Prepaid expenses	7,954
Total current assets	161,190
Capital Assets, net of accumulated depreciation	144,921
Other Asset - prepaid expense for vehicle usage	10,631
Total Assets	316,742
LIABILITIES	
Current Liabilities:	
Accounts payable	22,904
Accrued payroll liabilities	16
Total current liabilities	22,920
NET ASSETS	
Invested in Capital Assets	144,921
Restricted for Utility Assistance	3,537
Unrestricted	145,364
Total Net Assets	\$ 293,822

The accompanying notes to the basic financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2010

Functions/Programs	Program Revenues					Net (Expense) Revenue and Increase (Decrease) in Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the elderly	\$ 225,126	\$ 63,658	\$ 0	\$ 200,045	\$ 53,221	\$ (35,518)
Homemaker	153,430	44,804	0	22,269	0	(175,965)
Information and Assistance	9,732	2,842	0	280	0	(12,294)
Outreach	14,223	4,153	0	1,857	0	(16,519)
Recreation	18,813	5,494	0	0	0	(24,307)
Telephoning	10,087	2,945	0	5,815	0	(7,217)
Home Repairs	2,384	0	0	4,520	0	2,136
Utility Assistance	7,231	290	0	6,322	0	(1,199)
Transportation Services - non elderly:						
Job Access	134,415	35,818	0	148,234	0	(21,999)
General Public	184,331	48,900	95,989	121,053	0	(16,189)
Nutrition Services:						
Congregate Meals	84,133	21,057	0	38,202	0	(66,988)
Home Delivered Meals	118,556	20,028	0	52,035	0	(86,549)
Disease Prevention and Health Promotion	6,676	1,840	0	3,379	0	(5,137)
Family Caregiver Support	11,736	355	0	16,199	0	4,108
Case Management	23,093	0	0	0	0	(23,093)
Medicare Outreach and Enrollment	2,242	0	0	2,242	0	0
Senior Citizen Activities	4,086	0	0	4,460	0	374
Administration	252,901	(252,184)	0	717	0	0
Total governmental activities	\$ 1,263,195	\$ 0	\$ 95,989	\$ 627,629	\$ 53,221	\$ (486,356)
General Revenues:						
Property taxes, net of \$13,973 withheld by the Sheriff					385,142	
Grants and contributions not restricted to specific programs					93,550	
Interest income					1,384	
Facility rental, net of direct depreciation					4,572	
Miscellaneous					6,547	
Total General Revenues					491,195	
Increase (Decrease) in net assets						4,839
Net assets - beginning of the year						288,983
Net assets - end of the year						\$ 293,822

The accompanying notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

EXHIBIT C

**FUND BALANCE SHEET
GOVERNMENTAL FUNDS**

Washington Council on the Aging, Inc.
Franklinton, Louisiana

June 30, 2010

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	JARC Fund	Non-Major Funds	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 56,861	\$ 0	\$ 0	\$ 11,757	\$ 0	\$ 3,537	\$ 72,155
Receivables:							
Capital Area Agency on Aging	0	11,247	1,292	784	0	4,641	17,964
Governor's Office of Elderly Affairs	0	0	0	0	0	2,242	2,242
Office of Family Support	2,256	0	0	0	0	0	2,256
Town of Franklinton	17,097	21,883	0	0	17,370	0	56,350
Other Entities	2,269	0	0	0	0	0	2,269
Prepaid expenditures	3,862	0	0	0	0	0	3,862
Due from other governmental funds	53,184	0	0	0	0	0	53,184
Total Assets	\$ 135,529	\$ 33,130	\$ 1,292	\$ 12,541	\$ 17,370	\$ 10,420	\$ 210,282
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	4,872	3,597	415	12,541	1,459	20	22,904
Accrued payroll taxes	16	0	0	0	0	0	16
Due to other governmental funds	0	29,533	877	0	15,911	6,863	53,184
Total Liabilities	4,888	33,130	1,292	12,541	17,370	6,883	76,104
Fund Balances							
Nonspendable:							
Prepaid expenditures	3,862	0	0	0	0	0	3,862
Restricted for:							
Utility assistance	0	0	0	0	0	3,537	3,537
Senior citizen activities	933	0	0	0	0	0	933
Assigned to:							
Home repairs	4,153	0	0	0	0	0	4,153
Unassigned	121,693	0	0	0	0	0	121,693
Total Fund Balances	130,641	0	0	0	0	3,537	134,178
Total Liabilities and Fund Balances	\$ 135,529	\$ 33,130	\$ 1,292	\$ 12,541	\$ 17,370	\$ 10,420	
Amounts reported for governmental activities in the statement of net assets are different because:							
- Prepaid expenses relating to vehicle usage are not financial resources and therefore are not reported as assets in the governmental funds							14,723
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds							144,921
Net Assets of Governmental Activities							\$ 293,822

The accompanying notes to the basic financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Washington Council on the Aging, Inc.
 Franklinton, Louisiana
 For the year ended June 30, 2010

	General	Title III B	Title III C-1	Title III C-2	JARC	Nonmajor	Total
	Fund	Fund	Fund	Fund	Fund	Funds	Governmental
							Funds
REVENUES							
Ad Valorem Taxes	\$ 399,115	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 399,115
Intergovernmental:							
Capital Area Agency on Aging (CAAA)	717	82,179	14,550	44,942	0	19,578	161,966
Governor's Office of Elderly Affairs	91,267	0	0	0	0	2,242	93,509
Louisiana DOTD	53,221	0	0	0	0	0	53,221
Town of Franklinton	116,853	149,561	0	0	148,234	0	414,648
Washington Parish Government	4,200	0	0	0	0	0	4,200
Public Support (Restricted):							
Client contributions	0	3,106	23,652	7,093	0	0	33,851
Other general public donations	4,460	0	0	0	0	0	4,460
Various utility companies	0	0	0	0	0	6,262	6,262
Public Support (Unrestricted):							
United Way	1,684	0	0	0	0	0	1,684
Other general public donations	599	0	0	0	0	0	599
Program Service Fees (charges for services):							
Transportation:							
Office of Family Support	66,336	0	0	0	0	0	66,336
Public fares	12,504	0	0	0	0	0	12,504
Other entities	17,149	0	0	0	0	0	17,149
Interest Income	1,384	0	0	0	0	0	1,384
Miscellaneous:							
Rental of facilities	6,300	0	0	0	0	0	6,300
Proceeds from sale of vehicles	6,500	0	0	0	0	0	6,500
Miscellaneous	50	0	0	0	0	0	50
Total revenues	782,339	234,846	38,202	52,035	148,234	28,082	1,283,738
EXPENDITURES							
Health, Welfare, & Social Services:							
Current:							
Personnel	166,813	358,228	75,660	45,357	113,893	10,374	770,325
Fringe	16,232	35,277	7,006	4,591	11,257	904	75,267
Travel	1,358	44,357	2,932	172	401	17	49,237
Operating services	29,031	42,984	4,027	10,544	16,944	271	103,801
Operating supplies	22,347	31,953	1,536	7,324	13,134	135	76,429
Other costs	40,627	23,119	4,024	3,048	7,088	338	78,244
Full service	0	1,275	0	0	0	10,551	11,826
Meals	0	0	7,356	62,276	0	0	69,632
Utility assistance	0	0	0	0	0	6,236	6,236
Capital outlay	53,221	0	0	0	0	0	53,221
Intergovernmental	24,738	0	0	0	0	0	24,738
Total expenditures	354,367	537,193	102,541	133,312	162,717	28,826	1,318,956
Excess of revenues over (under) expenditures	427,972	(302,347)	(64,339)	(81,277)	(14,483)	(744)	(35,218)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	4,150	302,347	64,339	81,277	14,483	4,920	471,516
Operating transfers out	(467,366)	0	0	0	0	(4,150)	(471,516)
Net increase (decrease) in fund balances	(35,244)	0	0	0	0	26	(35,218)
FUND BALANCE (DEFICIT)							
Beginning of year	165,885	0	0	0	0	3,511	169,396
End of year	\$ 130,641	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,537	\$ 134,178

The accompanying notes to the basic financial statements are an integral part of this statement.

EXHIBIT E

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

**Washington Council on the Aging, Inc.
Franklinton, Louisiana**

For the year ended June 30, 2010

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$	(35,218)
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Governmental funds report the amounts the Council expends as local "matching" funds on capital assistance grants, which result in another government obtaining title to the capital assets acquired under the grants, as intergovernmental expenditures. However, because the Council gets to use the capital assets in lieu of having paid the required local match, the Council records the amounts it paid in the Statement of Net Assets as a prepaid expense, which will be amortized over the estimated useful lives of the capital assets. This reconciling amount represents the amount by which the intergovernmental expenditures (\$10,765) exceeded amortization expense (\$4,931) this year.

5,834

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$53,221) exceeds depreciation (\$18,998) in this year.

34,223

Increase (Decrease) of Net Assets of Governmental Activities	\$	<u><u>4,839</u></u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS**Washington Council on the Aging, Inc.****Franklinton, Louisiana****June 30, 2010****Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Washington Council on the Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

a. Purpose of the Council on Aging

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

a. Purpose of the Council on Aging - (Continued)

The primary services provided by the Council to the elderly residents of Washington Parish include providing congregate and home delivered meals, information and assistance, outreach, utility assistance, homemaker services, recreation, telephoning, disease prevention & health promotion, enrollment and education about available prescription drug plans, home repairs, case management, Medicare outreach and enrollment, and family caregiver support. The Council also provides various types of transportation services to the general public of the Washington Parish, with a special emphasis being placed on transporting the elderly and those persons requiring job access and job training.

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

The Washington Council on the Aging, Inc. (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on October 5, 1971 and subsequently incorporated on December 15, 1972 under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

b. Reporting Entity - (Continued)

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

- Eleven members, who are at least 60 years old, shall be elected by the membership to represent the different communities of Washington Parish.
- The Washington Parish Government and various public agencies, which serve the elderly, shall appoint four members.

The Washington Parish Government (WPG) does not appoint a voting majority of the Council's board and the WPG does not intend to impose its will to affect the operations of the Council. Further, the Washington Parish Government does not provide any specific financial benefits and does not assume any specific financial burdens of the Council. As a result, the Council is not a component unit of the Washington Parish Government.

Membership in the Council is open at all times, without restriction, to all residents of Washington Parish who have reached the age of 60 and who express an interest in the Council and wish to contribute to or share in its programs. Associate memberships shall be granted to those persons who have not yet reached the age of 60 but serve on committees of the Council. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a stand-alone, special-purpose government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Generally, intergovernmental and property tax revenues support governmental activities.

In the government-wide Statement of Net Assets only one column of numbers has been presented for total governmental activities. The numbers are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87, *Cost Principles for States, Local, and Indian Tribal Governments*. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses."

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services that are provided by a specific function or program to people or other entities. Contributions, grants, interest income, and miscellaneous revenues that are not included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues. The Council did not have any material special items this year.

Fund Financial Statements:

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

The daily accounts and operations of the Council continue to be organized using funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government 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 Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified on a hierarchy that shows, from the highest to the lowest, the level or form of constraints on fund balance and accordingly, the extent to which the Council is bound to honor them: nonspendable, restricted, committed, assigned and unassigned.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

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

The **General Fund** is the general operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund.

The following is a brief description of the programs that comprise the Council's General Fund:

Local Programs and Funding

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at management's discretion. Property tax revenues represent the largest component of the Council's local funding. Expenditures that are not chargeable to specific programs because of budget limitations, or because of their nature, are recorded as local program expenditures. Because of their unrestricted nature, local funds are often used as transfers to other programs to eliminate deficits in cases where expenditures exceed revenues. In addition, capital outlay expenditures are usually made with local funds to minimize restrictions on the use and disposition of fixed assets.

PCOA Funding

PCOA funds are appropriated annually for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs. The Council's management may use these "Act 735" funds at its discretion to fund any of its programs provided the program is benefiting people who are at least 60 years old. In FY 2010, the Council received this grant money into its General Fund and management transferred all \$37,500 of the PCOA funds to the Title III B Supportive Services Fund to help pay for that fund's program expenditures.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Senior Center and Supplemental Senior Center Funding

Senior Center and supplemental senior center grant funds are also appropriated annually for the Council and remitted to the Council via GOEA. These grant funds can be used at management's discretion to pay for costs of any program involving elderly persons who are at least 60 years old. To obtain supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement the elderly person will come to a senior center. The Council maintains four senior centers in Washington Parish. During the year, management transferred its Senior Center grant funds (\$50,667) to the Title III B Fund (\$4,896) and Title III C-1 Fund (\$45,771). The Supplemental Senior Center grant funds (\$3,100) were transferred to the Title III D Fund to subsidize that program's cost.

Audit Funding

Each year GOEA provides funds to subsidize the cost of the Council's annual audit. The funds are sent to CAAA, which in turn passes the money on to the Council. The audit funds (\$717 for FY 2010) were received and accounted for in the General Fund and used to help pay for the cost of the audit, which was \$27,070 and is included as a component of *other cost* expenditures in the General Fund.

Nonelderly General Public Transportation Program

The Council provides a variety of transportation services to the residents of Washington Parish who are not elderly (under 60 years old) for a fee. Transportation services provided to residents who are elderly (at least 60 years old) are accounted for in the transportation program of the Title III B Fund and those related to job access (irrespective of age) are accounted for in the JARC Fund. All other transportation services are accounted for in the "Nonelderly General Public Transportation" program of the General Fund. Most of the people who receive transportation services in this program are under 60 years old and do not qualify for free transportation services under one of the Council's grant programs.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

During the fiscal year, the primary transportation services provided under this program consisted of the following:

- The Council participates in a contract with the Louisiana Department of Social Services' (DSS) Office of Family Support (OFS). This program provides transportation services to people who are participants in the Strategies to Empower People (STEP) program. In FY 2010 the Council provided 2,764 trips under this contract, which generated \$66,336 of program service fees.
- The Council will also transport people under age 60 who pay a cash fare for the service. Passengers are charged a fee per one-way trip based on the distance of the trip. In FY 2010 this transportation service generated \$12,504 of program service fees.
- The Council also provided transportation services to CCP Wound Care, Heritage Manor, Magnolia Behavioral Healthcare, Volunteers of America, Washington Parish School Board, and Youth Service Bureau. The services it provided these entities generated \$17,149 of program service fees.

Senior Citizen Activities

The Council operates senior centers in Angie, Bogalusa, Franklinton and Pine. The participants at each of these centers solicit public support and raise funds through activities to help offset the cost of activities not paid for through the primary grant to operate senior centers from GOEA. Examples of the types of activities used to raise these funds include coffee and soft drink sales and recycling income. The revenues and related expenditures for each senior center's activities are maintained in separate accounts within the Council's general ledger.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Hurricane Katrina Recovery Funding

During FY 2009, the Council was awarded \$61,707 to help pay for costs relating to Hurricane Katrina by the Louisiana Department of Transportation and Development (DOTD). The Council spent \$8,486 of this award in FY 2009 and this year used the remainder (\$53,221) of the award to purchase a new vehicle.

Case Management Services

The Council performs case management services for the elderly. The services include an initial assessment screening to determine the specific needs of the person. Based on the results, the case manager will assist the elderly person by referring them to employees within the Council who can help them obtain services the Council provides, or connecting them to other agencies who can offer services that the Council does not provide. The Council's case manager will also follow up with the people she assisted to determine if their needs were met.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "*proceeds of specific revenue sources*" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A significant percentage of the Council's special revenue funds are provided by Capital Area Agency on Aging - District II, Inc. (CAAA). The Title III funds, which the Council receives, are provided by the United States Department of Health and Human Services - Administration on Aging to GOEA, which in turn "passes through" the funds to the Council via CAAA.

The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Major Governmental Funds:

Title III B Fund

The Title III B Fund is used to account for funds that are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive services, along with the number of units provided during the fiscal year, are as follows:

	Units
Information and Assistance	414
Outreach	236
Homemaker	6,876
Telephoning	8,634
Transportation for people age 60 or older	13,077
Recreation	6,741
Home repairs	71
Utility assistance	40

There are three main sources of revenues that form the basis of this fund as follows:

- A grant from GOEA via CAAA for Special Programs for the Aging _ Title III, Part B_ Grants for Supportive Services and Senior Centers (\$82,179).
- A grant from the Louisiana Department of Transportation and Development (DOTD) which is passed through the Town of Franklinton to the Council for rural transportation services. This grant is commonly referred to as Section 5311 and reimburses the Council 50% of the cost of providing rural transportation services. A portion of this grant was used to pay for the rural transportation costs for elderly riders and that amount (\$149,561) has been recorded directly as revenue in this fund.
- Restricted; voluntary public support from persons who actually received homemaker and transportation services under this program.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Washington Parish. The Council maintains meal-sites in Angie, Franklinton, Pine, and Bogalusa. During the year the Council provided 34,412 meals to people eligible to participate in this program. The Council also provided 409 units of nutrition education under this program.

There were two main sources of revenues received this year that form the basis of this fund: Special Programs for the Aging _ Title III, Part C-1 _ Nutrition Services grant funds (\$14,550) and restricted, voluntary contributions from those persons who received congregate meals (\$23,652).

Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council provided 50,357 home-delivered meals. The Council also provided 279 units of nutrition education under this program.

There were two main sources of revenues received this year that form the basis of this fund: Special Programs for the Aging _ Title III, Part C-2 _ Nutrition Services grant funds (\$44,942) and restricted, voluntary contributions from those persons actually receiving home-delivered meal services (\$7,093).

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

JARC Fund

The JARC Fund was established to account for funds relating to the Job Access-Reverse Commute (JARC) program established by the Federal Transit Administration's Department of Transportation. The purpose of the JARC program is to improve "job access" by developing and financing transportation services to connect welfare recipients and low-income persons to employment and support services. The Louisiana Department of Transportation and Development (DOTD) receives the JARC funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton.

The Council earns JARC funds based on actual operating costs. In addition, the JARC program limits the amount of cost reimbursement to 50% of the actual costs incurred to provide the program services. Accordingly, the Council obtained a Temporary Assistance for Needy Families (TANF) federal grant through the Louisiana Department of Social Services - Office of Family Support. Some of the objectives of the TANF grant are consistent with the objectives of the JARC grant. Accordingly, the Council was able to use the TANF funds as the required matching funds to obtain the JARC grant. The Louisiana Department of Social Services (DSS)- Office of Family Support (OFS) receives the TANF funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton. TANF funds are also earned by the Council based on actual operating costs incurred.

Nonmajor Governmental Funds:

Title III D Fund

The Title III D Fund is used to account for funds used for disease prevention and health promotion (wellness) activities. During the year the Council provided 4,104 units of wellness service and 156 units of medication management to eligible participants. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA via CAAA for Special Programs for the Aging - Title III, Part D_ Disease Prevention and Health Promotion Services.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Title III E Fund

The Title III E Fund is used to account for funds relating to the National Family Caregiver Support program, which is designed to provide multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. During the year, the Council provided 23 units of information and assistance and 2,017 units of in-home respite service under this program. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA via CAAA for the Title III, Part E _ National Family Caregivers Support Program.

Medicare Improvement for Patients and Providers Act (MIPPA) Fund

The MIPPA Fund is used to account for funds relating to supporting outreach and assistance efforts directed toward Medicare beneficiaries with limited incomes who may be eligible for Medicare Part D, Low Income Subsidy (LIS) and Medicare Savings Plan (MSP) programs. The goal is to provide outreach to individuals in Washington Parish, Louisiana with special emphasis on rural communities and to increase public awareness and enrollment into the benefits available under LIS and MSP.

Utility Assistance Fund

This fund is used to account for the administration of the utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging throughout the state to provide assistance to the elderly for the payment of utility bills. Entergy and WST program contributions can only be used to pay for direct services. During the year, the Council provided funds to 38 different people to assist them with paying their utility bills. Although each utility assistance program has its own unique benefit guidelines, a person can generally receive up to \$200 of assistance three times within a year.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

• **Government-wide Financial Statements - Accrual Basis**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

• **Fund Financial Statements - Modified Accrual Basis**

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be "available" if they are collected within sixty days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

e. Interfund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

f. Cash

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions.

For the purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose. At year end, the line item "Cash and Investments" on the Statement of Net Assets includes \$4,470 of restricted cash. The Council has presented restricted cash as a component of current assets in the Statement of Net Assets because it available for use in current operations.

g. Receivables

The financial statements contain an allowance for uncollectible ad valorem tax because management estimates that all of the tax owed the Council will not be collected. This year's allowance amount has already been applied to reduce the ad valorem tax receivable amount presented on the Balance Sheet and the Statement of Net Assets.

Management estimates that other receivables presented will be collected in full. However, if management becomes aware of information that would change its assessment about the collectability of these other receivables, management would write off the receivables as bad debts at that time.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

h. Investments

GASB Statement 31 requires the Council to report its investments at fair value in the balance sheet, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors. The Council did not own any investments of this type at year-end.

Investments, which include securities traded on a national or international exchange, are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value. The Council did not own any investments of this type at year-end.

However, the Council invested funds in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. For financial statement purposes, LAMP investments are valued and reported at fair value.

i. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

In the fund financial statements, management has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result,

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

i. Prepaid Expenses/Expenditures - (Continued)

the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been classified as nonspendable to reflect the amount of fund balance not currently available for expenditure.

For purposes of presenting prepaid expenses in the government-wide statements, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Disbursements made as "matching" payments to acquire vehicles that will be titled to another government are recorded as a prepaid expense and amortized in the Statement of Net Assets to better present the economies of this type of transaction and to keep from distorting the Council's transportation expenses in the Statement of Activities. In contrast, 100% of the "matching" payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received.

j. Capital Assets:

The accounting and reporting treatment used for property, vehicles, and equipment (capital assets) depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

Government-Wide Financial Statements

Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

j. Capital Assets: - (Continued)

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment - other than computers	6 to 10 years
Vehicles	5 years
Computer equipment	5 years
Building and improvements	40 years
Nutrition equipment	10 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

Fund Financial Statements

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

k. Non-Current (Long-term) Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented elsewhere in these statements. The Council did not have any non-current liabilities at year-end.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

l. Unpaid Compensated Absences

The Council's annual leave policy requires employees to consume any annual leave they might earn within the Council's fiscal year. In other words, an employee must "use or lose" any earned leave on or before June 30th of every year. However, sick leave is treated a little differently. An employee can carryover up to 480 hours of unused sick leave each year, however, the Council does not permit an employee to get paid for any unused sick leave upon termination. As a result of these policies, the Council has not accrued a liability for any type of unused leave in the financial statements. The Council's management has established its leave policies in this manner to minimize the Council's exposure to a future liability for which the Council may not have the funds to pay.

m. Deferred Revenue Other Than Property Taxes

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet (fund financial statements). Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenue at year end.

n. Deferred Property Tax Revenue

Deferred property tax revenue represents taxes expected to be collected but not within 60 days after the end of the Council's fiscal year for which the taxes were levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Assets, because the related revenues are recognized in the Statement of Activities using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized. The Council did not present any amounts this year as deferred property tax revenue because management believes little, if any, property tax revenue will be collected after August 31, 2010 for the 2009 property tax assessment.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

o. Advances from Funding Agency

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. The Council did not have advances from any funding agency at year-end.

p. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

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

When both restricted and unrestricted resources are available for use, the Council's policy is to use restricted resources first to finance its activities, except as follows:

- In cases where the Council holds fundraisers or solicits donations for the specific purpose of generating local public support for a specific program, the Council will use the restricted donations after it has first used up any grant funds and program income.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

q. Fund Equity - Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2010, the Council's management implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable because this item is not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year end.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

q. Fund Equity - Fund Financial Statements - (Continued)

- **Assigned:** This classification includes amounts that are constrained by the Council's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose.
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Council will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Council's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

r. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

s. Allocation of Indirect Expenses

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

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

t. Elimination and Reclassifications

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

u. New Accounting Pronouncement

Beginning with this fiscal year, the management has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The main financial statement effects relating to this new accounting standard are with how the components of the Council's fund balances will be presented on the fund balance sheet and on the presentation of special revenue funds on the statement of revenues, expenditures and changes in fund balances. The number of special revenue funds will be less than in previous years because of the new definition of what constitutes a special revenue fund.

Note 2 - Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are earned using the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees (charges for services), and interest income must be both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are generally recorded as revenue in the period received.

Note 3 - Revenue Recognition - Property Tax

Starting in fiscal year 2009, the Council began receiving funds from a property tax that was adopted by the voters of Washington Parish on November 14, 2007 to specifically provide money to finance the Council's operations. The Washington Parish Assessor began assessing the property tax in 2008 and will continue to do so every year because the tax is perpetual and has no expiration date. The tax will be based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1st day of January will be used as the date to value the property subject to tax and make the annual assessment.

The gross assessed value as of January 1, 2009, of the certified roll was \$213,109,540. After applying homestead exemptions and other reductions of \$62,889,970 the net assessed value upon which the Council's property tax was computed was \$150,219,570. 2.80 mills is the maximum amount the Council may legally elect to assess property owners each year. The Council's management elected to have the Parish assess the maximum millage for tax year 2009. Accordingly, management estimated the initial gross amount of property tax payable, excluding back tax settlements and uncollectible amounts, to the Council for this fiscal year to be approximately \$420,614. This amount was subsequently reduced by management to \$399,115 as a result of \$2,752 of ordered tax changes, consisting of supplements and reductions, and \$18,747 for estimated uncollectible property taxes.

Property taxes are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The Washington Parish Sheriff acts as the collection agent for the Parish's property taxes. The Sheriff will have a "tax sale" each year to collect as much of the taxes due as possible. The tax sale date for Washington Parish for the 2009 tax assessment was May 26, 2010 and the lien date was June 11, 2010.

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed (November of each year). As the Sheriff collects the taxes, he forwards them to the Council on Aging where they are recorded as revenues in accordance with the modified accrual basis of accounting.

The Council also accrues as current year revenues any material amounts of property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. The Council received \$135 of property tax collections during July and August 2010, therefore, none was accrued as this year's revenues due to the amount being very immaterial. In addition, the Council did not present any amounts this

Note 3 - Revenue Recognition - Property Tax - (Continued)

year as deferred property tax revenue for property tax that would be collected after August 31, 2010 because management estimated any amount collected would not be material. However, in September the Council collected \$136 of property taxes and in October the Council received a settlement of \$8,319, which represents a previously disputed amount of property taxes. The amounts collected in July through October (\$8,590) had been previously included within the allowance for doubtful accounts amount and written off by management as uncollectible as of June 30, 2010. Accordingly, the property tax collections in July through October will be included in the FY 2011 property tax revenue.

Property tax revenues of \$399,115 on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) have not been reduced by \$13,973 withheld by the Sheriff for "on-behalf payments for fringe benefits," which represent the Council's pro rata share of pension plan contributions for other government agencies. Instead, the \$13,973 has been included within the total of \$24,738 of intergovernmental expenditures on Exhibit D. In contrast, for purposes of the government-wide Statement of Activities (Exhibit B), property tax revenues of \$399,115 were reduced by the \$13,973 of on-behalf payments to present a net amount of \$385,142 for general revenues. See Note 9 to these financial statements for more information.

Note 4 - Cash Management, Bank Deposits and Investments

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

A second account is maintained to account for Emergency Food and Shelter Program (EFSP) funds. The Council did not have the EFSP program in FY 2010, but kept the account open as a matter of convenience because the Council will begin to administer this program again in FY 2011.

As described in Louisiana law, the Council is classified as a quasi-governmental entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits and investments. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

Note 4 - Cash Management, Bank Deposits and Investments - (Continued)

Cash is reported at its carrying amount, which equals its fair value. At year-end, the carrying amount of the Council's cash balances on the books was \$72,015, whereas the bank balances totaled \$90,762. The difference in the book and bank balances relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end. At year-end, all of the bank balances were insured 100% by federal depository insurance.

During the year, the Council might accumulate cash in excess of its immediate needs. To maximize its revenues, the Council's management will invest the excess cash. Although it is not required by law to comply with the State of Louisiana's investment laws, the Council's management has adopted an investment policy that is intended to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds. At year-end, the Council's management had \$140 in its Louisiana Asset Management Pool (LAMP) account. This type of investment complies with state law and the Council's investment policy.

LAMP is an external investment pool established as a cooperative endeavor to enable public entities in the State of Louisiana an opportunity to combine their funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under Louisiana law. Although LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes investments only in federal agencies backed by the U.S. government, government-only money market funds rated AAA by Standard & Poor's, and commercial paper of domestic United States corporations rated A-1 or A-1+ by Standard & Poor's. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and LAMP consists of no securities with a maturity of more than 397 days. However, LAMP voluntarily complies with Standard & Poor's requirement for AAAM rated funds to restrict the average weighted average maturity of investments to 60 days or less in order to maintain its AAAM rating for the LAMP pool. By doing this, LAMP maintains the safety of its invested principal and limits its exposure to loss in the market. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments comprising LAMP's portfolio are stated at their fair values based on quoted market rates.

Note 4 - Cash Management, Bank Deposits and Investments - (Continued)

The fair values are determined on a weekly basis by LAMP and the fair value of the position of the pool is the same as the value of the pool shares. LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there are no assurances that LAMP will be able to always achieve this objective. Because of its liquidity, the balance in the LAMP account is classified as a current asset on the Statement of Net Assets. The LAMP investment does not have a credit risk categorization similar to the Council's demand deposits and CD because the LAMP investment is not evidenced by securities that exist in physical or book entry form. However, LAMP issues an annual audited financial statement, in which the pool's custodial credit risks and investment policies are disclosed.

<u>Cash & Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:					
Whitney National Bank - operating	\$ 72,012	\$ 72,012	None	Demand	Category 1
Whitney National Bank - EFSP	3	3	None	Demand	Category 1
Total Cash	<u>72,015</u>	<u>72,015</u>			
Investments:					
LAMP	140	140	0.13%	Demand	Not Applicable
Total Investments	<u>140</u>	<u>140</u>			
Total Cash & Investments	<u>\$ 72,155</u>	<u>\$ 72,155</u>			
Unrestricted Purpose					
	\$ 67,685				
Restricted Purpose:					
Senior Citizen Activities	933				
Utility Assistance	3,537				
Total Cash & Investments	<u>\$ 72,155</u>				

Note 5 - Changes in Capital Assets and Accumulated Depreciation

A summary of changes in capital assets and related accumulated depreciation is as follows:

Capital Assets Being Depreciated	Balance June 30, 2009	Additions	Decreases	Balance June 30, 2010
Vehicles	\$ 70,992	\$ 53,221	\$ 0	\$ 124,213
Equipment	21,125	0	0	21,125
Buildings & Improvements	147,181	0	0	147,181
Land	9,000	0	0	9,000
Total Capital Assets	248,298	53,221	0	301,519
Less Accumulated Depreciation:				
Vehicles	62,261	13,555	0	75,816
Equipment	11,465	1,764	0	13,229
Buildings & Improvements	63,874	3,679	0	67,553
Total Accumulated Depreciation	137,600	18,998	0	156,598
Capital Assets Net of Depreciation	\$ 110,698	\$ 34,223	\$ 0	\$ 144,921

None of the above amounts includes any donated asset. Also, the Council's management has reviewed the capital assets and does not believe any of them to have been impaired as of year-end.

Depreciation was charged to governmental activities as follows:

Administration	\$ 3,550
Supportive Services:	
Transportation of the Elderly	5,048
Nutrition Services:	
Congregate Meals	165
Home Delivered Meals	2,911
Tranportation Services - Non Elderly:	
Job Access	2,235
General Public	3,361
Direct offset against rental income	1,728
Total depreciation expense for governmental activities	<u>18,998</u>

Note 5 - Changes in Capital Assets and Accumulated Depreciation - (Continued)

The \$3,550 of depreciation associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The nutrition depreciation amounts (\$3,076) are charged as direct expenses to their related programs on the Statement of Activities. Finally, the depreciation of \$1,728 related to the building that is being rented, is offset against the rental income generated by the building, which is not a distinct program of the Council but merely an activity to generate general revenues.

Note 6 - Prepaid Expenditures and Expenses

At year-end, prepaid expenditures in the Fund Balance Sheet consisted of the following:

Prepaid insurance	\$ <u>3,862</u>
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At year-end, prepaid expenses in the Statement of Net Assets consisted of the following:

	Current Portion	Noncurrent Portion
Prepaid insurance	\$ 3,862	\$ 0
Vehicle usage	4,092	10,631
Total prepaid expenses	\$ 7,954	\$ 10,631

The current portion of prepaid expenses represents the amounts that management expects the Council to consume and economically benefit from in the next fiscal year. The noncurrent portions represent the amounts that will be amortized in future years based on an agreement that the Council has in effect with the Town of Franklinton for using its vehicles.

The difference between prepaid expenditures and prepaid expenses arises from transactions wherein the Council puts up all the "matching funds" under capital assistance grants the Town of Franklinton (Town) enters into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles that the Council will use to provide public transportation to the general public of Washington Parish. The vehicles are

Note 6 - Prepaid Expenditures and Expenses - (Continued)

titled in the name of the Town but the Council uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the Council expends for the grant match are first recorded as a deposit in its Fund Balance Sheet and Statement of Net

Assets when the funds are remitted to DOTD. Upon delivery of the vehicle to the Council, the deposit is reversed as an intergovernmental expenditure in the Council's fund financial statements. However, in the government-wide statements, the deposit is reclassified as a prepaid expense and amortized over the estimated useful life of the vehicle (60 months). The Council's management believes presenting the van match transactions in this manner in the government-wide financial statements will best present the economics of this type of transaction. A written lease exists between the Town and the Council that sets forth the terms of the agreement to use the Town's vehicles. This type of cooperative agreement to provide public transportation to the residents of Washington Parish has been used for many years.

Note 7 - Short-term Debt Activity

The Council maintains a line of credit of \$80,000 with Whitney National Bank to alleviate cash flow problems at certain times during the year. The Council drew \$80,000 on the line of credit during the year and repaid the balance in full by year end. The interest expense associated with the borrowing was \$2,803.

Note 8 - Fund Balances - Fund Financial Statements

At year-end, one special revenue fund, the utility assistance fund, had a remaining fund balance of \$3,537 that was classified as restricted. At year-end, the General Fund has \$933 of restricted funds for senior citizen activities, \$4,153 of assigned funds for home repairs, and \$3,862 of nonspendable funds that are prepaid expenditures.

Note 9 - On-Behalf Payments for Fringe Benefits

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law (RS 11:82) requires the Council to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Council's pro-rata share of the required contribution was \$13,973 that was withheld by the Washington Parish Sheriff from property tax collections to satisfy the Council's obligation.

Note 9 - On-Behalf Payments for Fringe Benefits - (Continued)

The Sheriff withholds the entire amount of this obligation in December each year even though some of the property taxes may never be collected. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

The \$13,973 withheld by the Sheriff has been included as part of "intergovernmental" expenditures of the General Fund in these financial statements. Further, as described in Note 3, the Council has also increased its property tax revenues by the same amount of this intergovernmental expenditure.

Note 10 - In-Kind Contributions

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

The Council received an in-kind contribution during the year in the form of free use of the meal site at Pine (12 months). The donor has estimated the value of the free use of the meal site to be \$250 per month. If this in-kind contribution had been recorded in the Statement of Activities its annual allocation would have been \$3,000 for Nutrition Services - Congregate Meals. The Council also received an in-kind contribution in the form of free rent, utilities and garbage pick up at its Bogalusa Senior Center from the City of Bogalusa. The City has valued these free services at \$1,500 per month. In addition, the City permits the Council to house its vans on the premises and the City estimates the value of the "garage fee" to be \$350 per month. The Bogalusa Senior Center benefits all programs administered by the Council, especially its transportation programs.

The Council also receives in-kind support for its transportation programs in the form of free usage of vehicles owned by the Town of Franklinton. The Council has a fleet of 14 vehicles that it uses to provide public transportation in Washington Parish. Of the 14 vehicles, the Town of Franklinton (Town) owns 9 and the Council owns 5. The 9 vehicles owned by the Town were all acquired under capital assistance grants wherein the federal government paid for 80% of the vehicle's cost and the remainder had to be paid for with local "matching" funds. The Council put up the local match for 7 of the 9 vehicles so that the

Note 10 - In-Kind Contributions - (Continued)

Town could acquire them. In return for putting up the matching funds, the Town permits the Council to use the vehicles as long as they are operational. Therefore, the Council is receiving an in-kind contribution from the Town for the use of the vehicles owned by the Town. Management has estimated the in-kind use of the Town's vehicles to be \$19,727 for

the fiscal year. The estimate was derived by first determining the amount the federal government paid for its share of the "match" for the vehicles. Then, the amount of federal match for each vehicle was amortized from the date at which the Council began using each vehicle using a 60-month estimated useful life. The amount for the period July 1, 2009 through June 30, 2010 was deemed to be the value of the Town's in-kind contribution for vehicle usage. If the in-kind contribution for the vehicles had been recorded in the Statement of Activities, the allocation amongst the Council's transportation programs would have been \$8,356 for Elderly Transportation, \$7,141 for Nonelderly General Public Transportation, and \$4,230 for Job Access Reverse Commute (JARC) Transportation.

Note 11 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursement for out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

Note 12 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

Note 13 - Judgments, Claims, and Similar Contingencies

As of year-end the Council's management has no knowledge of any pending litigation, lawsuits, or claims against the Council. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 14 - Contingencies - Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 15 - Economic Dependency

One of the Council's largest sources of revenues is from a property tax, which it began to receive in FY 2009. If the property in Washington Parish were to be assessed at lower values due to natural disaster or another unpredictable event, the amount of property tax revenue that the Council receives could be adversely affected. Management is not aware of any actions or events that will adversely affect next year's property tax revenue.

The Council also receives significant intergovernmental revenue directly from GOEA and indirectly from grants administered by CAAA on behalf of GOEA. The Louisiana Department of Transportation and Development also provides the Council with significant grant funds through the Town of Franklinton. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal or state level, or the Council loses or fails to reapply for a grant, 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 intergovernmental funds the Council will receive next year relating to these grants.

Note 16 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

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

Note 17 - Deferred Compensation Plan

The Council and its qualified employees participate in the State of Louisiana's Public Employees Deferred Compensation Plan, which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Great-West Life and Annuity Insurance Company administers the plan. The Plan is available to all employees who have worked at least six months. The Plan permits participating employees to defer up to the lesser of (1) 100% of their compensation or (2) \$16,500 (\$22,000 if over 50 years of age) per year. In addition, the Council will "match" one-half of any percentage less than or equal to 6% of a participant's deferral amount. All amounts contributed to the Plan by the employees and the Council are non-forfeitable thereby making them 100% vested by the employees. During this year, \$5,956 was contributed to the Plan via employee salary deferrals. The Council contributed \$2,662 as its matching share. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. Participation in the deferred compensation plan is at the option of each employee. The Council does not guarantee the benefits of any amounts contributed to the plan.

Note 18 - Lease Commitment

On June 5, 2003 the Council entered into a joint endeavor agreement with the City of Bogalusa (the City) wherein the Council will lease (at a rate of \$1 per year) from the City a building known as the Bogalusa Senior Center. The initial term of the lease was for 5 years and was renewed automatically for another 5 year term. Terms of the lease require the Council to (1) pay for all the utilities of operating the building, (2) pay for repairs that costs less than \$301, (3) be responsible for the daily maintenance and cleaning, and (4) furnish

Note 18 - Lease Commitment - (Continued)

property and liability insurance coverage for the building and the Council's personal property contained therein.

Note that beginning in October 2004, the City relieved the Council of paying for the monthly utilities for this location and began paying them on behalf of the Council. Also, beginning July 1, 2005 the City did not require the Council to pay the \$1 annual rent amount. See Note 10 (In-kind Contributions) in this report for additional information about the arrangement the Council has with the City relating to this facility.

Note 19 - Interfund Receivables and Payables - Fund Financial Statements

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

Note 19 - Interfund Receivables and Payables - Fund Financial Statements - (Continued)

	Receivable From	Payable To
General Fund:		
Major Funds:		
Title III B	\$ 29,533	\$ 0
Title III C-1	877	0
JARC	15,911	0
Nonmajor Funds in the aggregate	6,863	0
Totals for the General Fund	53,184	0
Special Revenue Funds:		
Major Funds:		
Title III B:		
General Fund	0	29,533
Title III C-1:		
General Fund	0	877
JARC Fund:		
General Fund	0	15,911
Nonmajor Funds in the aggregate:		
General Fund	0	6,863
Totals for Special Revenue Funds	0	53,184
Totals for All Funds	\$ 53,184	\$ 53,184

Note 20 - Interfund Transfers

Operating transfers to and from the various funds are as follows for the fiscal year:

	Operating Transfers	
	In From	Out To
General Fund:		
Title III B Fund	\$ 0	\$ 302,347
Title III C-1 Fund	0	64,339
Title III C-2 Fund	0	81,277
JARC Fund	0	14,483
Nonmajor Funds:		
Title III D	0	4,920
Title III E	4,150	0
Total General Fund	<u>4,150</u>	<u>467,366</u>
Title III B-Fund:		
General Fund - various funds	\$ 259,951	\$ 0
General Fund - PCOA grant	37,500	
General Fund - Senior Center grant	4,896	
Total Title III B Fund	<u>302,347</u>	<u>0</u>
Title III C-1 Fund:		
General Fund - various funds	\$ 18,568	\$ 0
General Fund - Senior Center grant	45,771	
Total Title III C-1 Fund	<u>64,339</u>	<u>0</u>
Title III C-2 Fund:		
General Fund	\$ 81,277	\$ 0
Total Title III C-2 Fund	<u>81,277</u>	<u>0</u>
JARC Fund:		
General Fund	\$ 14,483	\$ 0
Total JARC Fund	<u>14,483</u>	<u>0</u>
Nonmajor Funds in the aggregate:		
Title III D:		
General Fund - various funds	\$ 1,820	\$ 0
General Fund - Suppl. Senior Center grant	3,100	0
Title III E:		
General Fund	0	4,150
Total for Nonmajor Funds	<u>4,920</u>	<u>4,150</u>
Grand Totals	<u>\$ 471,516</u>	<u>\$ 471,516</u>

Note 21 - Interfund Transfers - (Continued)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) shift unrestricted revenues collected in the General Fund to finance various programs accounted for by special revenue funds to eliminate program deficits.

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

Note 22 - Related Party Transactions

There was one related party transaction during the year. The Council needed cash to make payroll and had used the maximum amount on its line of credit. An employee, Judy Magee, loaned the Council \$25,000 of her personal money on December 8, 2009. The loan was repaid January 11, 2010. No interest was charged to or paid by the Council for this loan. Management increased the Council's line of credit to prevent having to borrow money like this again.

Note 23 - Subsequent Events

Management has evaluated subsequent events through December 17, 2010, which is the date the financial statements were available to be issued. There were no events that required disclosure.

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION BY GASB 34

Budgetary Comparison Schedule - General Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana**

For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final (Amended)</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Ad Valorem Taxes	\$ 323,548	\$ 420,613	\$ 399,115	\$ (21,498)
Intergovernmental:				
Capital Area Agency on Aging - audit subsidy	1,053	1,053	717	(336)
DOTD - War Supplemental for Transit grant	53,221	53,221	53,221	0
Governor's Office of Elderly Affairs:				
PCOA	37,500	37,500	37,500	0
Senior Center	50,647	50,647	50,667	20
Supplemental Senior Center	3,100	3,100	3,100	0
Town of Franklinton	231,627	210,183	116,853	(93,330)
Washington Parish Government	4,200	4,200	4,200	0
Public Support - restricted	0	0	4,460	4,460
Public Support - unrestricted	4,450	4,450	2,283	(2,167)
Program Service Fees	91,802	91,802	95,989	4,187
Interest Income	500	500	1,384	884
Miscellaneous	6,000	6,000	12,850	6,850
Total Revenues	807,648	883,269	782,339	(100,930)
EXPENDITURES				
Current:				
Personnel	212,234	197,982	166,813	31,169
Fringe	22,810	21,313	16,232	5,081
Travel	971	972	1,358	(386)
Operating Services	38,999	44,707	29,031	15,676
Operating Supplies	25,023	25,795	22,347	3,448
Other Costs	34,831	38,475	40,627	(2,152)
Capital Outlay	53,732	53,733	53,221	512
Intergovernmental	0	13,587	24,738	(11,151)
Total Expenditures	388,600	396,564	354,367	42,197
Excess of revenues over expenditures	419,048	486,705	427,972	(58,733)
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	4,150	4,150
Transfers out	(482,948)	(479,185)	(467,366)	11,819
Total other financing sources and uses	(482,948)	(479,185)	(463,216)	15,969
Net increase (decrease) in fund balance	\$ (63,900)	\$ 7,520	(35,244)	\$ (42,764)
FUND BALANCE				
Beginning of year			165,885	
End of year			\$ 130,641	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final (Amended)	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging	\$ 82,179	\$ 82,179	\$ 82,179	\$ 0
Town of Franklinton	136,470	111,429	149,561	38,132
Public Support	5,000	5,000	3,106	(1,894)
Total Revenues	223,649	198,608	234,846	36,238
EXPENDITURES				
Current:				
Personnel	410,290	331,669	358,228	(26,559)
Fringe	41,396	33,747	35,277	(1,530)
Travel	19,067	46,065	44,357	1,708
Operating Services	46,007	51,191	42,984	8,207
Operating Supplies	29,244	25,969	31,953	(5,984)
Other Costs	9,542	8,698	23,119	(14,421)
Full Service	5,625	5,625	1,275	4,350
Capital Outlay	878	877	0	877
Total Expenditures	562,049	503,841	537,193	(33,352)
Excess of expenditures over revenues	(338,400)	(305,233)	(302,347)	2,886
OTHER FINANCING SOURCES (USES)				
Transfers in	338,400	305,233	302,347	(2,886)
Transfers out	0	0	0	0
Total other financing sources and uses	338,400	305,233	302,347	(2,886)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			<u>\$ 0</u>	

See notes to required supplementary information

Budgetary Comparison Schedule - Title III C-1 Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final (Amended)	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging	\$ 14,550	\$ 14,550	\$ 14,550	\$ 0
Public Support	25,929	25,929	23,652	(2,277)
Total Revenues	40,479	40,479	38,202	(2,277)
EXPENDITURES				
Current:				
Personnel	70,862	71,209	75,660	(4,451)
Fringe	5,959	5,993	7,006	(1,013)
Travel	423	438	2,932	(2,494)
Operating Services	2,475	4,652	4,027	625
Operating Supplies	3,790	3,852	1,536	2,316
Other Costs	1,209	1,265	4,024	(2,759)
Meals	1,388	9,807	7,356	2,451
Capital Outlay	144	152	0	152
Total Expenditures	86,250	97,368	102,541	(5,173)
Excess of expenditures over revenues	(45,771)	(56,889)	(64,339)	(7,450)
OTHER FINANCING SOURCES (USES)				
Transfers in	45,771	56,889	64,339	7,450
Transfers out	0	0	0	0
Total other financing sources and uses	45,771	56,889	64,339	7,450
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information

Budgetary Comparison Schedule - Title III C-2 Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2010**

	Budgeted Amounts		Actual	Variance with
	Original	Final (Amended)	Amounts Modified Accrual Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging	\$ 44,942	\$ 44,942	\$ 44,942	\$ 0
Public Support	9,813	10,976	7,093	(3,883)
Total Revenues	54,755	55,918	52,035	(3,883)
EXPENDITURES				
Current:				
Personnel	54,053	51,712	45,357	6,355
Fringe	4,560	4,365	4,591	(226)
Travel	412	408	172	236
Operating Services	13,484	12,678	10,544	2,134
Operating Supplies	7,932	7,914	7,324	590
Other Costs	1,082	1,065	3,048	(1,983)
Meals	58,046	62,728	62,276	452
Capital Outlay	138	136	0	136
Total Expenditures	139,707	141,006	133,312	7,694
Excess of expenditures over revenues	(84,952)	(85,088)	(81,277)	3,811
OTHER FINANCING SOURCES (USES)				
Transfers in	84,952	85,088	81,277	(3,811)
Transfers out	0	0	0	0
Total other financing sources and uses	84,952	85,088	81,277	(3,811)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information

Budgetary Comparison Schedule - JARC Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final (Amended)	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Town of Franklinton	\$ 142,383	\$ 168,142	\$ 148,234	\$ (19,908)
Total Revenues	142,383	168,142	148,234	(19,908)
EXPENDITURES				
Current:				
Personnel	107,081	127,741	113,893	13,848
Fringe	11,981	14,150	11,257	2,893
Travel	530	531	401	130
Operating Services	12,358	25,483	16,944	8,539
Operating Supplies	7,386	14,893	13,134	1,759
Other Costs	2,768	3,038	7,088	(4,050)
Capital Outlay	279	280	0	280
Total Expenditures	142,383	186,116	162,717	23,399
Excess of revenues over (under) expenditures	0	(17,974)	(14,483)	3,491
OTHER FINANCING SOURCES (USES)				
Transfers in	0	17,974	14,483	(3,491)
Transfers out	0	0	0	0
Total other financing sources and uses	0	17,974	14,483	(3,491)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Washington Council on the Aging, Inc.
Franklinton, Louisiana

For the year ended June 30, 2010

NOTE 1 - BUDGETARY REPORTING

The budget information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "nonmajor" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Capital Area Agency on Aging - District II Inc., (CAAA) notifies the Council each year as to the funding levels for each program's grant award.
- Revenue projections are also made based on grants from GOEA and other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Management makes projections of property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information regarding projected revenues and expenditures has been obtained, the Council's executive director and bookkeeper prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting before May 31 of the current fiscal year.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- The adopted budget is forwarded to CAAA for compliance approval for the funds it will pass-through to the Council from GOEA.
- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, management will automatically re-budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicle delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting for governmental funds, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying required supplementary information include the original adopted budget amounts and all subsequent amendments. During the fiscal year, management amended the budget one time. The Council's Board of Directors approved a budget amendment at a regularly scheduled meeting on November 19, 2009, using a procedure similar to the one used to approve the original budget. The budget amendment was sent to CAAA for compliance approval and was subsequently approved.
- 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 compliance approval from the CAAA and the Governor's Office of Elderly Affairs for funds received under grants and contracts from these agencies. As a part of their compliance, CAAA and GOEA require management to amend the budget in cases where actual expenditures for a particular line item exceed their budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

NOTE 2 - GENERAL FUND'S BUDGETED OPERATING DEFICIT

On the original budget, management budgeted an operating deficit in the Council's General Fund because, at the time the original budget was prepared, management was unsure about the amount of property tax revenue the Council would be receiving in FY 2010. Once management was able to obtain a more accurate idea of the amount, the budget was amended and the deficit was eliminated.

Note that on the original budget, management was able to budget an operating deficit because the Council had enough fund balance from last year to cover the deficit.

**SUPPLEMENTARY INFORMATION REQUIRED BY
THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2010**

	<u>Title III D</u> <u>Fund</u>	<u>Title III E</u> <u>Fund</u>	<u>MIPPA</u> <u>Fund</u>	<u>Utility</u> <u>Assistance</u> <u>Fund</u>	<u>Totals</u>
<u>REVENUES</u>					
Intergovernmental:					
Capital Area Agency on Aging (CAAA)	\$ 3,379	\$ 16,199	\$ 0	\$ 0	\$ 19,578
Governor's Office of Elderly Affairs	0	0	2,242	0	2,242
Public Support (Restricted):					
Various utility companies	0	0	0	6,262	6,262
Total revenues	<u>3,379</u>	<u>16,199</u>	<u>2,242</u>	<u>6,262</u>	<u>28,082</u>
<u>EXPENDITURES</u>					
Health, Welfare, & Social Services:					
Current:					
Personnel	7,042	1,255	2,077	0	10,374
Fringe	630	109	165	0	904
Travel	14	3	0	0	17
Operating Services	214	57	0	0	271
Operating Supplies	114	21	0	0	135
Other Costs	285	53	0	0	338
Full Service	0	10,551	0	0	10,551
Utility Assistance	0	0	0	6,236	6,236
Total expenditures	<u>8,299</u>	<u>12,049</u>	<u>2,242</u>	<u>6,236</u>	<u>28,826</u>
Excess of revenues over (under) expenditures	(4,920)	4,150	0	26	(744)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	4,920	0	0	0	4,920
Operating transfers out	0	(4,150)	0	0	(4,150)
Net increase (decrease) in fund balances	0	0	0	26	26
<u>FUND BALANCE (DEFICIT)</u>					
Beginning of year	0	0	0	3,511	3,511
End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,537</u>	<u>\$ 3,537</u>

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS
AND CHANGES IN CAPITAL ASSETS**

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2010**

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<u>Capital Assets</u>				
Vehicles	\$ 70,992	\$ 53,221	\$ 0	\$ 124,213
Equipment	21,125	0	0	21,125
Buildings & improvements	147,181	0	0	147,181
Land	9,000	0	0	9,000
Total capital assets	\$ 248,298	\$ 53,221	\$ 0	\$ 301,519
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
Title III B	\$ 1,655	\$ 0	\$ 0	\$ 1,655
Title III C-1	2,232	0	0	2,232
Title III C-2	17,519	0	0	17,519
Title III D	9	0	0	9
DOTD - War Supplemental for Transit	0	53,221	0	53,221
PCOA	22,560	0	0	22,560
Senior Center	840	0	0	840
FTA	18,024	0	0	18,024
Local	140,459	0	0	140,459
Acquired before 1985	45,000	0	0	45,000
Total investment in capital assets	\$ 248,298	\$ 53,221	\$ 0	\$ 301,519

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED
BY OMB CIRCULAR A-133**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Washington Council on the Aging, Inc.
Franklinton, Louisiana

For the year ended June 30, 2010

FEDERAL GRANTOR/PASS-THROUGH GRANTORS/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY NUMBER	PROGRAM OR AWARD AMOUNT	FEDERAL REVENUE RECOGNIZED	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services - Administration on Aging					
Passed through the Governor's Office of Elderly Affairs:					
Passed through the Capital Area Agency on Aging - District II, Inc:					
Aging Cluster :					
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	Project 650	51,549	51,549	51,549
Special Programs for the Aging_ Title III, Part C_ Nutrition Services:	93.045	Project 650			
Part C-1 - Congregate Meals Component			14,550	14,550	14,550
Part C-2 - Home Delivered Meals Component			19,638	19,638	19,638
Subtotal CFDA 93.045			34,188	34,188	34,188
Total Aging Cluster (CFDAs 93.044, 93.045)			85,737	85,737	85,737
Other Special Programs for the Aging:					
Title III, Part D, Disease Prevention & Health Promotion Services	93.043	Project 650	3,379	3,379	3,379
Title III, Part E, National Family Caregivers Support Program	93.052	Project 650	12,149	12,149	12,149
Totals for U.S. Department of Health & Human Services - Administration on Aging			101,265	101,265	101,265
U.S. Department of Health and Human Services - Administration for Children & Families					
Passed through the Louisiana Department of Social Services - Office of Family Support:					
Passed through the Town of Franklinton, Louisiana:					
TANF Cluster:					
Temporary Assistance for Needy Families	93.558	CFMS 663495	84,071	74,117	74,117
Totals for U.S. Department of Health & Human Services - Administration for Children & Families			84,071	74,117	74,117
U.S. Department of Health and Human Services - Centers for Medicare and Medicaid					
Passed through the Governor's Office of Elderly Affairs:					
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	CFMS 684410	2,242	2,242	2,242
Totals for U.S. Department of Health & Human Services - Centers for Medicare and Medicaid			2,242	2,242	2,242
Totals for U.S. Department of Health & Human Services - all offices			187,578	177,624	177,624
U.S. Department of Transportation - Federal Transit Administration					
Passed through the Louisiana Department of Transportation and Development:					
Passed through the Town of Franklinton, Louisiana:					
Formula Grants for Other Than Urbanized Areas:					
(a) (Federal project # LA-18-X027), (State project # 741-59-0120)	20.509	See (a)	321,611	255,920	255,920
ARRA - Formula Grants for Other Than Urbanized Areas:					
(b) Transit Capital Assistance (Federal project # LA-86-X001)	20.509	See (b)	303,536	10,494	10,494
Subtotal (CFDA 20.509)			625,147	266,414	266,414
Passed through the Louisiana Department of Transportation and Development:					
Passed through the Town of Franklinton, Louisiana:					
Transit Services Programs Cluster:					
Job Access - Reverse Commute (JARC):					
(c) (Federal project #s LA-37-X026 and LA-37-X009), (State project # 741-59-0119)	20.516	See (c)	84,071	74,117	74,117
Passed through the Louisiana Department of Transportation and Development:					
War Supplemental for Transit: (see Note E)					
(d) (Federal project # LA-48-X008), (State project # 704-59-0006)	None	See (d)	61,729	53,221	53,221
Totals for U.S. Department of Transportation			770,947	393,752	393,752
Total federal awards			\$ 958,525	\$ 571,376	\$ 571,376

The accompanying notes on the next page are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note A - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Washington Council on the Aging, Inc. and has been prepared using the modified accrual basis of accounting as contemplated under generally accepted accounting principles and which is the same basis of accounting used for presenting the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the presentation of, the fund financial statements.
- Note B - Summary of Significant Accounting Policies - (1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in OMB Circular A-87, "Cost Principles for States, Local, and Indian Tribal Governments", wherein certain types of expenditures are not allowable or limited as to reimbursement. (2) Pass-through entity identifying numbers are presented where available.
- Note C - Washington Council on the Aging, Inc. did not pass-through any of its federal awards to a subrecipient during the fiscal year.
- Note D - No federal awards were expended in the form of non-cash assistance during the fiscal year.
- Note E - The Council spent \$8,486 of the War Supplemental for Transit grant funds in FY 2009 and \$53, 221 in FY 2010.

NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

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MEMBER OF THE
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
Washington Council on the Aging, Inc.
Franklinton, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) as of and for the year ended June 30, 2010, which collectively comprise the Council's basic financial statements and have issued my report thereon dated December 17, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Council's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Council's management, finance committee, board of directors, pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Baton Rouge, Louisiana,
December 17, 2010.

Neil Ferrari, CPA

Neil G. Ferrari, CPA

NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Directors,
Washington Council on the Aging, Inc.
Franklinton, Louisiana

Compliance

I have audited the compliance of Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) 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, 2010. The Council'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 the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. My responsibility is to express an opinion on the Council's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 the Council'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 the Council's compliance with those requirements.

In my opinion, Washington Council on the Aging, Inc., Franklinton, Louisiana, 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, 2010.

Internal Control Over Compliance

Management of Washington Council on the Aging, Inc., Franklinton, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Council's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Council's management, finance committee, board of directors, others within the entity, federal awarding agencies, and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Baton Rouge, Louisiana,
December 17, 2010.

Neil Ferrari, CPA

Neil G. Ferrari, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Washington Council on the Aging, Inc.

Franklinton, Louisiana

For the year ended June 30, 2010

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses?
None reported
- Noncompliance material to the financial statements noted? No

Federal Awards:

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses?
No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No

The programs tested as major programs are as follows:

U.S. Department of Transportation - Federal Transit Administration:

- Formula Grants for other than Urbanized Areas; CFDA #20.509.
- ARRA - Formula Grants for other than Urbanized Areas (Transit Capital Assistance); CFDA #20.509

U.S. Department of Transportation - Federal Transit Administration:

Transit Services Programs Cluster:

- Job Access - Reverse Commute; CFDA #20.516.

U.S. Department of Health and Human Services - Administration for Children & Families:

TANF Cluster:

- Temporary Assistance for Needy Families; CFDA #93.558.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The threshold for distinguishing Types A and B programs was \$300,000.

Washington Council on the Aging, Inc. was determined not to be a low-risk auditee.

B. FINANCIAL STATEMENT FINDINGS

There were no findings that are required to be reported in this section of the report.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings that are required to be reported in this section of the report.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Washington Council on the Aging, Inc.

Franklinton, Louisiana

For the year ended June 30, 2010

FINANCIAL STATEMENT FINDINGS

Finding 2009-1: Errors Noted in JARC and Section 5311 Reports - Repeat Finding (Also see findings 2007-2 and 2008-1)

During the FY 2009 audit, the auditor noted errors in the preparation of the 5311 and JARC monthly reports again. The 5311 transportation costs and the JARC program costs were understated. The errors did not affect the financial statements or the ultimate amount the Council received in reimbursements from DOTD for Section 5311 transportation because the Council exceeded its maximum grant amount; however, the Council could have received more JARC program reimbursement because it did not come close to obtaining the maximum grant amount. The auditor had reported problems with reporting costs under the 5311 and JARC programs in prior years. The Council had acknowledged the problems and tried to correct them.

Auditor's Recommendations from Last Year's Audit: The auditor recommended the Executive Director be very thorough when reviewing the monthly the 5311 and JARC reports and focus on using the "check totals" that are built into the Excel worksheets used to compile the data for them. The auditor recommended that if the Executive Director encountered any aspects of the process that caused her concerns, then she should contact the auditor for technical advice. The bookkeeper should also ask questions to ensure she had a correct understanding of the report preparation process.

Management's Planned Corrective Action Reported in Last Year's Audit: The Executive Director planned to review the JARC and Section 5311 monthly reports more thoroughly along with underlying work papers used to prepare the reports. Management also planned to consult with the auditor for technical assistance in how to better use the Excel worksheets to accumulate the data for the reports and provide self-check amounts.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
(Continued)

Current Status: Corrected - The Executive Director got more involved in the report preparation process to ensure the deficiencies were corrected. Though there were still some errors made in the monthly reports in FY 2010, those were primarily during the early months of FY 2010 before the auditor had reported the finding in last year's audit. The errors did not materially affect the financial statements or the ultimate amounts reimbursed by DOTD for 5311 and JARC. Report accuracy improved once the auditor made his recommendations and management had him provide additional technical assistance and training. Overall, management believes much improvement has been made and our staff better understands the 5311 and JARC reporting process. Further, a new error detection technique has been implemented that can help management feel better that significant errors will be caught monthly.

MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

There is nothing to report for this section because the Council was not subject to a Single Audit last year; therefore, there were no major federal award programs. The auditor did not report any questioned costs for any program last year.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2010

To the following oversight agencies for audit:

Federal: U.S. Department of Transportation

State: Legislative Auditor of the State of Louisiana; and Governor's Office of Elderly Affairs.

Local: Capital Area Agency on Aging - District II, Inc.

Washington Council on the Aging, Franklinton, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2010.

Name and address of independent public accounting firm: Neil G. Ferrari, CPA, 14481 Old Hammond Highway, Suite 4, Baton Rouge, Louisiana, 70816.

Audit period: For the year ended June 30, 2010.

The findings from the June 30, 2010 schedule of findings and questioned costs are discussed below.

FINANCIAL STATEMENT FINDINGS

The auditor did not report any findings as a result of this year's audit. Therefore, management has nothing to report in this section.

If there are any questions, please call Nancy McBeth, the Council's Executive Director, at (985) 839-4535.