

GOVERNOR'S OFFICE OF ELDERLY AFFAIRS

AUDIT GUIDE - REVISION

EFFECTIVE FOR FISCAL YEARS ENDING JUNE 30, 2011



INDEX

OVERVIEW OF CHANGES

SECTION A - SAMPLE AUDIT REPORT FOR A COA SUBJECT TO OMB CIRCULAR A-133 - (SINGLE AUDIT)-(95 PAGES)

SECTION B - SAMPLE AUDIT REPORT FOR A COA - YELLOW BOOK AUDIT ONLY (84 PAGES)

SECTION C - SAMPLE REPORT FOR A COA SUBJECT TO A REVIEW/ ATTESTATION (73 PAGES)

SECTION D - ILLUSTRATIONS OF REVIEW AND COMPILATION REPORTS TO BE ISSUED BY THE ACCOUNTANTS PERFORMING THESE SERVICES

ALERT TO CPAs DOING COA AUDITS, REVIEWS, AND COMPILATIONS FOR FISCAL YEARS ENDING JUNE 30, 2011 AND BEYOND

1. **General Comments** - GASB Statement 54 is now effective for COA's having year ends of June 30, 2011 and beyond. This statement will cause the financial statements and the footnotes to change from what has been the case in past years. The examples that follow are a guide as to how you can comply with the new standard for COAs. We realize that each COA might have its unique circumstances and programs not illustrated, so you will need to consult your professional standards and/or call us for guidance. We also realize there could be some kinks that need to be ironed out. Our purpose here is to help take as much guess work out of the report preparation process as possible.

2. **Auditor's Report** – Notice in the example there is a paragraph mentioning the change in accounting principle. You probably need to insert a similar paragraph if this is the first year the COA is adopting GASB 54.

3. **Management's Discussion and Analysis** – Each COA's MD & A will be unique, so we cannot cover all points. However, depending on how the COA has presented charts, graphs, and comparative information, there might be a need to regroup amounts from last year in order for them to be comparative under the new standards. Also, terminology changes may be necessary to use the current definitions of GASB 54.

4. **Government-wide Statements** – No significant changes in these statements.

5. **Fund Financial Statements** – There are significant changes in these statements. The two most significant changes are:

- How funds are being grouped (many special revenue funds have now been eliminated and their activities are now part of the General Fund) and,
- How the components of Fund Balances are categorized and presented.

6. **Footnotes** – These have been updated to incorporate the new wording and concepts embodied within GASB 54. Our suggestion is to compare last year's footnotes to those in one of the examples and isolate the differences and changes. Then, adapt the new wording to fit your COA's particular circumstances. The examples being used were drawn from CPAs who implemented GASB 54 early so they might not be all encompassing or have captured every tiny issue. But, they are substantially correct and sufficient from GOEA's perspective.

Be careful to follow the footnotes in the examples to ensure GOEA gets the type of information it needs to follow the use of our money. In particular, the descriptions of each fund and sources of funds in Footnote 1 contain information as to how the GOEA funds were used and transferred amongst other funds and programs. Try to leave a trail in the footnotes on how the GOEA funds were used.

7. Budgetary Comparison Schedules – These are only required for the COA’s General Fund and Major Special Revenue Funds. In an effort to help our staff track the grant funds we give to your COA, take note of how the GOEA revenue line items are presented within these budgetary schedules. For example, when looking at the General Fund you can see that some grant funds, which may have been stand alone special revenue funds in prior years, are now presented as revenues within the General Fund. The reason for this is because this type of revenue does not have a specific purpose and in most cases is used to supplement shortfalls in revenues in special revenue funds. To clarify let’s focus on PCOA funds. These funds are commonly used as transfers. There is no specific purpose for the PCOA money unlike C-1 or C-2, which have specific program purposes. When this occurs for a particular revenue, it is a good indication this money should be a part of the General Fund. In contrast, NSIP funds can only be used for meals, so it is logical they be presented as revenues of either C-1 or C-2, or both depending on how the COA used the funds. Therefore, the main change in these schedules is how you will present the GOEA revenues.

8. Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – This schedule should be much smaller than previous years. In the past, you might have had columns where the only numbers were revenues and transfers. This is a clue that you no longer need that fund because it had no real expenditures. There are a couple of other noteworthy comments about this schedule:

- Make sure you show the ARRA revenues and expenditures as a separate fund so all users can clearly follow the trail of how this money was spent.
- Senior center funds could be handled differently depending on how your COA budgets and expends them. For example, in some COAs no expenditures are budgeted. The funds flow in and are transferred 100% out to one or more other funds. In this case, we recommend classifying the Senior Center revenues as a component of the GOEA revenue line item in the General Fund. However, some COAs use all their Senior Center money for specific expenditures relating to the operating costs for their centers and nothing is left to transfer out. In this case, we would expect to see a special revenue fund for the Senior Center operations. A third, scenario could be that this money is used for both expenditures and transfers. In cases like this, you have to use your judgment as to what makes sense. The overall amount of the Senior Center grant funds is probably not material to the statements as a whole; therefore, each COA’s circumstance will dictate how the revenues and expenditures are presented. Our recommendation is to advise the COA to budget all Senior Center funds as either 100% transfers or 100% center operations to prevent the presentation dilemma.

9. Key Definition Changes –

- **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.

- **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 purpose 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.
 - **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.
 - **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Council's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes.

- 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.

10. **Review/Attestation Engagements** - The attestation report and questionnaire in the sample report are for quasi-public entities. This is the preferred report and questionnaire for COAs, but the Legislative Auditor's office has stated that it will also accept the attestation report and questionnaire for municipalities on COA engagements. Because some of the procedures relating to the municipal questionnaire are not going to apply to any COA, GOEA would prefer the CPA use the quasi-public questionnaire. Also, do not mix and match the procedures from the two questionnaires to avoid confusion and to make sure the agreed-upon procedures are consistent with those enumerated by the Legislative Auditor's office.

SECTION A

**SAMPLE AUDIT REPORT FOR A COA SUBJECT TO OMB CIRCULAR
A-133 (SINGLE AUDIT)**

Financial Report

**XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana**

June 30, 2010

TABLE OF CONTENTS

Financial Report

XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana

June 30, 2010

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
A. GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
• EXHIBIT A - Statement of Net Assets	19
• EXHIBIT B - Statement of Activities	20
B. FUND FINANCIAL STATEMENTS:	
• EXHIBIT C - Fund Balance Sheet - Governmental Funds	22
• EXHIBIT D - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	23
• EXHIBIT E - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
C. EXHIBIT F - NOTES TO THE FINANCIAL STATEMENTS	25
SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT 34:	
• Budgetary Comparison Schedule - General Fund	70
• Budgetary Comparison Schedule - Title III B Fund	71

• Budgetary Comparison Schedule -Title III C-1 Fund	72
• Budgetary Comparison Schedule - Title III C-2 Fund	73
• Budgetary Comparison Schedule - Title V Fund	74
• Budgetary Comparison Schedule - Title V ARRA Fund	75
• Notes to Required Supplementary Information	76

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS (GOEA):

• Combining Schedule of Revenues, Expenditure, and Changes in Fund Balance - Nonmajor Governmental Funds	80
• Comparative Schedule of Capital Assets and Changes in Capital Assets	81

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133:

• Schedule of Expenditures of Federal Awards	83
--	----

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	85
---	----

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	87
--	----

SCHEDULE OF FINDINGS AND QUESTIONED COSTS	89
--	----

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS	91
--	----

MANAGEMENT'S CORRECTIVE ACTION PLAN	92
--	----

AUDITOR LETTERHEAD

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the XYZ Parish Council on Aging, Inc., Baton Rouge, 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 1t 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 15,

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 70 through 75) 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 (GOEA) 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 15, 2010.

John Doe, CPA

MANAGEMENT'S DISCUSSION AND ANALYSIS

XYZ Parish Council on Aging, Inc. Fiscal Year Ended June 30, 2010

The Management's Discussion and Analysis of the XYZ Parish Council on Aging, Inc.'s (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Council showed an increase in overall net assets of \$552,640 or 34.34%.
- Net capital assets of the Council increased by \$54,661, or 37.49%.
- Fund revenues decreased by \$137,060, or 5.13%.
- Fund expenditures increased \$223,197 or 12.32%.
- The unassigned fund balance for the Council's General Fund increased by \$475,325 at year-end, which is a 33.54% increase from the prior year.
- No deficit fund balances existed at year-end.
- The Council has no long-term debt.
- Administrative expenses increased by \$11,407 this year or 3.77%.

HOW TO USE THIS ANNUAL REPORT

The Council's annual financial report consists of six 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The government-wide financial statements, which consist of the Statement of Net Assets (Exhibit A) and the Statement of Activities (Exhibit B), 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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fund Financial Statements

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 only affect cash flows in future fiscal periods. The governmental activities of the Council include an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of eight distinct programs that include supportive services, nutritional services, family caregiver support, senior community service employment, disease prevention and health promotion, senior citizen center operations, unmet needs, and Medicare outreach and enrollment. There is also a line item for "other services," which consists of a variety of services that individually do not represent very large expenditures. Subprogram activities are also presented within a couple of the primary functions to facilitate additional analysis. 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 services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity might be classified as a business-type activity. The Council does not have any business-type activities.

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, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The governmental fund balance sheet presents a reconciliation between net assets of governmental

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

activities and fund balances of the governmental funds. A reconciliation between the change in fund balances for the governmental funds and the change in net assets for the governmental activities is presented on Exhibit E.

The Council uses two types of governmental funds: (1) general fund, and (2) special revenue funds.

The general fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Council's general fund receives general revenue primarily from a property tax, the XYZ Parish Government (XYZPG), GOEA, and public donations. General funds are often transferred to special revenue funds to help pay for expenditures that could not be covered by their primary revenues.

All other funds are special revenue funds that are used to 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.

The Council has presented the General Fund, Title III B Fund, Title III C-1 Fund, Title III C-2 Fund, Title V Fund, and Title V ARRA 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 found on page 80. 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. For FY 2010, management did not subjectively elevate any nonmajor fund to major fund status for purposes of financial statement presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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 of this report. The notes to the financial statements should be read before making assumptions or conclusions about the Council's financial condition.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

In addition to the basic financial statements, this report also presents certain required supplementary information (RSI) that further explains and supports the information in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted budget (see pages 70 to 75).

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

SUPPLEMENTARY INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present combining statements that provide details about non-major governmental funds and details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council. (See pages 80 and 81)

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. (See pages 83 and 84)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

Condensed Statement of Net Assets

	<u>2010</u>	<u>2009</u>	Increase (Decrease)
Current and Other Assets:			
Current Assets	\$ 2,034,089	\$ 1,629,253	\$ 404,836
Other Assets	4,490	3,244	1,246
Capital Assets, net of depreciation	200,449	145,788	54,661
Total Assets	<u>2,239,028</u>	<u>1,778,285</u>	<u>460,743</u>
Current Liabilities	<u>77,118</u>	<u>169,015</u>	<u>(91,897)</u>
Total Liabilities	<u>77,118</u>	<u>169,015</u>	<u>(91,897)</u>
Net Assets:			
Invested in Capital Assets	200,449	145,788	54,661
Restricted	22,947	25,955	(3,008)
Unrestricted	1,938,514	1,437,527	500,987
Total Net Assets	<u>\$ 2,161,910</u>	<u>\$ 1,609,270</u>	<u>\$ 552,640</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The table presented below illustrates a summarized or condensed presentation of the revenues and expenses that caused the change in net assets for FY 2010 and FY 2009, respectively.

Condensed Statement of Activities

Revenues:	<u>2010</u>	<u>% of Total</u>	<u>2009</u>	<u>% of Total</u>
Program revenues:				
Charges for services	\$ 6,662	0.27%	\$ 17,850	0.68%
Operating grants and contributions	1,089,484	43.71%	1,016,100	38.98%
Capital grants and contributions	77,434	3.11%	0	0.00%
General revenues:				
Property taxes, net of pension withholding	1,236,614	49.61%	1,152,199	44.21%
Unrestricted grants and contributions	77,569	3.11%	438,808	16.84%
Interest income	4,528	0.18%	2,569	0.10%
Miscellaneous	360	0.01%	3,360	0.13%
Special Item	0	0.01%	(24,474)	-0.94%
Total revenues	<u>2,492,651</u>	<u>100.00%</u>	<u>2,606,412</u>	<u>100.00%</u>
Direct program expenses of the health, welfare and social services function:				
Supportive services	600,434	30.94%	545,684	30.64%
Nutrition services	652,075	33.61%	579,715	32.54%
Family caregiver support	47,993	2.47%	47,629	2.67%
Senior community service employment	268,604	13.85%	223,700	12.56%
Disease prevention and health promotion	6,434	0.33%	7,347	0.41%
Senior citizen center operations	34,172	1.76%	36,280	2.04%
Unmet needs	3,819	0.20%	9,135	0.51%
Medicare outreach and enrollment	1,620	0.08%	0	0.00%
Benefits checkup	0	0.00%	13,116	0.74%
Other services	10,606	0.55%	16,289	0.91%
Direct administrative expenses	<u>314,254</u>	<u>16.20%</u>	<u>302,847</u>	<u>17.00%</u>
Total expenses	<u>1,940,011</u>	<u>100.00%</u>	<u>1,781,742</u>	<u>100.00%</u>
Increase in net assets	<u>552,640</u>		<u>824,670</u>	
Net assets, beginning of year	<u>1,609,270</u>		<u>784,600</u>	
Net assets, end of year	<u>\$ 2,161,910</u>		<u>\$ 1,609,270</u>	

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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 program activities are supportive services, nutrition services, and senior employment. Accordingly, management allocates funds to these programs because that is where there is the greatest demand.

The expenses in the table above have been presented by primary programs. 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. The expense allocations are a good indication of the demand for each type of service.

Another area of interest on the Statement of Activities relates to the total column wherein the Council illustrates that its governmental activities have more expenses than revenues. In other words, they are not self-supporting. As a result, management prepares the annual budget based on this expectation, which means that general revenues will be used to cover the excess of expenses over revenues in these activities. Without the property tax revenues and 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 changing demands.

An indication of how money is used efficiently or inefficiently can be gained 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 \$314,254 or 16.20% of total expenses whereas FY 2009 administration expenses were \$302,847, or 17% of total expenses. Administration expenses include indirect type costs meaning these are costs not specifically identified with a particular program but benefit all programs.

The Council's net assets at the close of fiscal year ended June 30, 2010 were \$ 2,161,910, whereas net assets as of June 30, 2009 were \$1,609,270. The \$2,161,910 net asset amount as of June 30, 2010 represents a 34.34% increase in net assets from 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances for all fund types of \$1,979,234, an increase of \$499,158 when compared to last year. The Council's total General Fund balance increased by \$497,508 during the current fiscal year, whereas the combined increase in fund balance for all Special Revenue Funds was only \$1,650. The unassigned fund balance component of the General Fund was \$1,892,424 and is available for spending at the Council's discretion. The remainder of the General Fund balance of \$77,832 is comprised of \$59,205 of nonspendable resources and \$18,627 of restricted resources. Only one Special Revenue Fund (the utility assistance fund) had a fund balance at year end. That amount was \$8,978.

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. As a result of this pronouncement, \$18,627 of the Special Revenue Funds' fund balance was reclassified to the General Fund at the beginning of FY 2010.

Revenues

The combined fund revenues decreased \$137,060 this year versus last year, as shown in the table below.

	FY 2010	FY 2009	Amount
Property Taxes	\$ 1,277,552	\$ 1,191,960	\$ 85,592
Intergovernmental	1,068,295	1,284,613	(216,318)
Public Support	175,824	170,295	5,529
Program Service Fees	6,662	17,850	(11,188)
Interest Income	4,595	2,569	2,026
Miscellaneous	659	3,360	(2,701)
Total Revenues	\$ 2,533,587	\$ 2,670,647	\$ (137,060)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Property tax revenue increased by \$85,592 because Parish's property values have increased. Intergovernmental revenues decreased by \$216,318 primarily due to a \$367,197 decrease in revenue from the Parish Government (discussed in the following paragraph), while receiving \$77,434 more in FTA funding, and \$75,643 more in funding from the Governor's Office of Elderly Affairs (GOEA). Public support increased by \$5,529 due to a \$14,465 increase in client contributions combined with a \$7,423 decrease in public support for utility assistance and a \$1,513 decrease in contributions from the general public. Program service fees decreased mainly because the contract to provide benefit checkup services to the National Council on Aging (NCOA) ended in FY 2009. Interest income increased primarily because of interest earned on the Council's savings account balance. Last year the Council earned \$1,576 of interest on its bank deposits whereas this year it earned \$3,063. Miscellaneous income decreased because last year the Council sold four used vans whereas it did not sell any vans this year.

The financial support from the XYZ Parish Government (XYZPG) to the Council decreased significantly this year, \$49,861 in FY 2010 compared to \$417,058 in FY 2009. The decline in revenues from the XYZPG in FY 2010 was a result of the Council having been able to pass its own property tax, which took effect during FY 2009. As a result, the XYZPG was able to reduce the amount it annually gives the Council because the Council now has enough money for its operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Expenditures

Total expenditures increased by \$223,197 this year, as shown in the table below.

	2010	2009	Increase (Decrease)	
			Amount	Percent
Personnel	\$ 1,001,816	\$ 891,947	\$ 109,869	12.32%
Fringe	180,844	174,656	6,188	3.54%
Travel	70,936	66,243	4,693	7.08%
Operating Services	135,122	143,347	(8,225)	-5.74%
Operating Supplies	90,835	86,850	3,985	4.59%
Other Costs	44,635	39,672	4,963	12.51%
Full Service	50,599	50,463	136	0.27%
Meals	266,038	225,143	40,895	18.16%
Utility Assistance	18,492	22,738	(4,246)	-18.67%
Specific Assistance	3,662	7,076	(3,414)	-48.25%
Capital Outlay	130,512	38,862	91,650	235.83%
Intergovernmental	40,938	64,235	(23,297)	NA
	<u>\$ 2,034,429</u>	<u>\$ 1,811,232</u>	<u>\$ 223,197</u>	<u>12.32%</u>

The increase in personnel expenditures in 2010 is a result of wage increases given to employees, plus the Council hired some new employees. The increase in fringe benefit expenditures in 2010 result primarily from (1) salary increases in 2010 that caused a proportional increase (\$7,926) in the payroll taxes, (2) an increase (\$2,204) in health insurance premiums for its employees, while (3) worker's compensation insurance decreased (\$4,230) due to the decrease in rates charged by the workman's compensation company. Travel expenditures increased primarily because of the increase in services provided by employees who used their personal cars to conduct Council business. Operating service expenditures decreased primarily because of the decreases in general liability and auto insurance (\$9,359), telephone (\$6,099), utilities (\$3,772), and an offsetting increase in equipment maintenance (\$6,322). Operating supplies expenditures increased slightly in 2010 primarily due to the combination of an increase in the cost of gasoline (\$6,532) and a decrease in office supplies (\$4,458). Other costs increased in 2010 primarily because of legal expenses to settle uninsured claims (\$1,913) while other expenditure items increased slightly. Full service costs stayed almost the same as last year. Meal costs increased in 2010 because the Council provided 7,394 more home-delivered meals and 840 more congregate meals than it did in 2009. In addition, the base cost of a meal during the year increased from \$2.04 to \$2.33 per meal. Utility assistance and assistance to specific individuals decreased this

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

year because demand for these services decreased compared to last year. Capital outlays increased in 2010 compared to 2009 because the Council acquired four new vans to replace the used vans it disposed of in FY 2009. Intergovernmental expenditures decreased in FY 2010 primarily because the Council had to pay for its portion of property tax election costs (\$24,474) in FY 2009 and this event did not recur in FY 2010.

AN ANALYSIS OF THE GENERAL FUND BUDGET

The budget was amended one time during the year. The primary reasons for amending the budget were to prevent compliance violations under the Council's grants from GOEA and to consider the effects of unexpected increases and decreases in various revenues and expenditures.

The budgetary comparison schedule for the General Fund is on page 70. When you review this schedule, you will note that the original budget anticipated a "breakeven" in the General Fund for the fiscal year, whereas the amended budget projected an excess of revenues over expenditures and transfers out of \$489,209. This variance was due to the Council not considering the full amount of property tax revenue in the original budget. Management thought it only had to budget enough property tax revenue to cover the anticipated expenditures and transfers out to other funds. When the amended budget was prepared, management took into consideration the full amount of property tax revenue and ended up with excess revenues over expenditures and transfers out. The overall actual results of the General Fund were more in line with the amended budget projections. Also note that total actual expenditures were \$59,586 less than budgeted expenditures because capital outlay expenditures were less than what management expected by about the same amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Council's investment in capital assets for its governmental activities as of June 30, 2010 amounts to \$200,449 (net of accumulated depreciation), whereas the amount was \$145,788 at the end of last year. The components of the investment in capital assets is illustrated in the table below.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Capital Assets, Net of Depreciation			Increase/ (Decrease)
	2010	2009	
Vehicles	\$ 176,943	\$ 117,573	\$ 59,370
Furniture and equipment	23,506	28,215	(4,709)
	<u>\$ 200,449</u>	<u>\$ 145,788</u>	<u>\$ 54,661</u>

During the current fiscal year, the Council purchased four new vehicles. At year end the Council owned sixteen vehicles but three were not being used and had been placed at public auction. Additional information on the Council's capital assets can be found in Notes 1 and 6.

At year end the Council had outstanding purchase commitments to acquire three vans under a FTA capital asset acquisition program. The Council has already paid its share (\$28,578) of the matching funds necessary to acquire the vans. Management expects the vans to be delivered sometime in FY 2011.

Debt Administration

The Council has no long-term debt. Management does not like to incur debt as a matter of good financial stewardship.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Consideration of the proceeds to be received from property tax revenues.
- Consideration of other funding from the Parish Government, GOEA, United Way, other grants and private contributions.
- Salaries based on the number of employees needed to perform necessary services and the related fringe benefits.
- Travel rates.
- Services the Council will provide along with estimated service costs.
- Estimate of operating supplies needed to perform necessary services.
- The need to purchase new or replacement vehicles and other capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The FY 2011's budgeted revenues are \$2,594,719 and expenditures are \$2,353,051, whereas last year's comparative amounts were \$2,681,970 (revenues) and \$2,200,461 (expenditures). The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year FY 2011. There are no plans to discontinue any primary program services for the next fiscal year. However, because the Council now has a significant unassigned fund balance, management is trying to expand current program services to meet the needs of the elderly.

The Council receives most of its annual funding from federal, state, and local agencies and its property tax. At the time the initial FY 2011 budget was prepared, management was not aware of any significant increases or decreases associated with any of the usual revenue sources, except that management did not apply for any United Way funds for FY 2011 because the Council's property tax revenues were sufficient to pay for the expenditures normally covered by the United Way award. In FY 2010 the United Way award was for \$52,184 and used to pay for home-delivered meals.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Jane Thibodeaux, Executive Director
XYZ Parish Council on Aging, Inc.
P. O. Box 100
Baton Rouge, LA 70000
225-777-0000
pcoadirector@bellsouth.net

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A

STATEMENT OF NET ASSETS
XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana
June 30 , 2010

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 1,949,026
Receivables:	
Governor's Office of Elderly Affairs	16,872
XYZ Parish Sheriff - Property Taxes	4,483
United Way of South Louisiana	7,500
Others	1,493
Prepaid Expenses	26,137
Van Deposits	28,578
Total current assets	<u>2,034,089</u>
Deposit on workman's compensation insurance	4,465
Deposit on storage unit	25
Capital assets, net of accumulated depreciation	<u>200,449</u>
Total Assets	<u><u>2,239,028</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable to various vendors	44,963
Payroll taxes payable	961
Advances from funding agency - GOEA	11,026
Workman's compensation payable	2,395
Compensated absences	17,773
Total current liabilities	<u>77,118</u>
NET ASSETS	
Invested in Capital Assets	200,449
Restricted for:	
Nutrition Services - meals	18,627
Utility Assistance	4,320
Unrestricted	<u>1,938,514</u>
Total Net Assets	<u><u>\$ 2,161,910</u></u>

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

EXHIBIT B

STATEMENT OF ACTIVITIES

XYZ Council on Aging, Inc.
Baton Rouge, 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	Total Governmental Activities
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the elderly and disabled	\$ 369,491	\$ 87,120	\$ 6,662	\$ 153,081	\$ 77,434	\$ (219,434)
Homemaker	158,619	43,770	0	46,944	0	(155,445)
Legal Assistance	5,064	0	0	5,064	0	0
Information and Assistance	22,683	6,259	0	6,381	0	(22,561)
Material Aid	9,527	2,629	0	2,436	0	(9,720)
Medical Alert	1,503	415	0	361	0	(1,557)
Outreach	5,196	1,435	0	1,408	0	(5,223)
Utility Assistance	28,351	2,277	0	15,604	0	(15,024)
Nutrition Services:						
Congregate Meals	200,951	38,024	0	123,858	0	(115,117)
Home Delivered Meals	451,124	62,210	0	325,742	0	(187,592)
Family Caregiver Support	47,993	678	0	47,681	0	(990)
Senior Community Service Employment	268,604	14,659	0	267,945	0	(15,318)
Disease Prevention and Health Promotion	6,434	1,775	0	6,295	0	(1,914)
Senior Citizens Center Operations	34,172	9,561	0	43,283	0	(450)
Unmet Needs	3,819	0	0	8	0	(3,811)
Medicare Outreach and Enrollment	1,620	0	0	1,595	0	(25)
Other Services	10,606	1,651	0	7	0	(12,250)
Administration	314,254	(272,463)	0	41,791	0	0
Total governmental activities	\$ 1,940,011	\$ 0	\$ 6,662	\$ 1,089,484	\$ 77,434	\$ (766,431)
General Revenues:						
Property taxes, net of \$40,938 retained by the Sheriff					1,236,614	
Grants and contributions not restricted to specific programs					77,569	
Interest Income					4,528	
Miscellaneous					360	
Total general revenues						1,319,071
Increase (Decrease) in net assets						552,640
Net assets - beginning of the year						1,609,270
Net assets - end of the year						\$ 2,161,910

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

FUND FINANCIAL STATEMENTS

**FUND BALANCE SHEET
GOVERNMENTAL FUNDS**

**XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana
June 30, 2010**

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Title V Fund	Title V ARRA Fund	Non- Major Funds	Total Governmental Funds
ASSETS								
Cash	\$ 1,891,722	\$ 10,828	\$ 5,011	\$ 16,926	\$ 0	\$ 11,116	\$ 13,423	\$ 1,949,026
Receivables:								
Governor's Office of Elderly Affairs	0	0	0	0	16,872	0	0	16,872
XYZ Parish Sheriff - Property Taxes	4,483	0	0	0	0	0	0	4,483
United Way of South Louisiana	0	0	0	7,500	0	0	0	7,500
Others	518	935	0	0	0	0	40	1,493
Due from other governmental funds	16,184	0	0	0	0	0	0	16,184
Prepaid expenditures	26,137	0	0	0	0	0	0	26,137
Van deposits	28,578	0	0	0	0	0	0	28,578
Storage unit deposit	25	0	0	0	0	0	0	25
Deposit for workman's compensation insurance	4,465	0	0	0	0	0	0	4,465
Total Assets	\$ 1,972,112	\$ 11,763	\$ 5,011	\$ 24,426	\$ 16,872	\$ 11,116	\$ 13,463	\$ 2,054,763
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable to various vendors	895	10,745	4,813	24,127	0	0	4,383	44,963
Payroll taxes payable	961	0	0	0	0	0	0	961
Workman's compensation payable	0	1,018	198	299	688	90	102	2,395
Advances from funding agency - GOEA	0	0	0	0	0	11,026	0	11,026
Due to other governmental funds	0	0	0	0	16,184	0	0	16,184
Total Liabilities	1,856	11,763	5,011	24,426	16,872	11,116	4,485	75,529
Fund Balances								
Nonspendable:								
Workman's compensation & storage deposits	4,490	0	0	0	0	0	0	4,490
Prepaid expenditures	26,137	0	0	0	0	0	0	26,137
Deposits towards van purchases	28,578	0	0	0	0	0	0	28,578
Restricted for:								
Nutrition services - meals	18,627	0	0	0	0	0	0	18,627
Utility Assistance/Weatherization	0	0	0	0	0	0	4,320	4,320
Assigned for Utility Assistance	0	0	0	0	0	0	4,658	4,658
Unassigned	1,892,424	0	0	0	0	0	0	1,892,424
Total Fund Balances	1,970,256	0	0	0	0	0	8,978	1,979,234
Total Liabilities and Fund Balances	\$ 1,972,112	\$ 11,763	\$ 5,011	\$ 24,426	\$ 16,872	\$ 11,116	\$ 13,463	

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

- Compensated absences are not paid for out of current financial resources and therefore are not reported as liabilities in the governmental funds	(17,773)
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds	200,449
Net Assets of Governmental Activities	\$ 2,161,910

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**

**XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana
For the year ended June 30, 2010**

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Title V Fund	Title V ARRA Fund	Nonmajor Funds	Total Governmental Funds
REVENUES								
Intergovernmental:								
Governor's Office of Elderly Affairs	\$ 82,077	\$ 165,599	\$ 76,753	\$ 197,589	\$ 245,956	\$ 20,789	\$ 152,237	\$ 941,000
XYZ Parish Government	36	37,713	3,028	7,482	1,186	0	416	49,861
La. Dept of Transportation & Development	77,434	0	0	0	0	0	0	77,434
Property Taxes	1,277,552	0	0	0	0	0	0	1,277,552
Public Support (Restricted):								
United Way for South Louisiana	0	0	0	52,184	0	0	0	52,184
Client contributions	0	14,011	30,663	61,627	0	0	360	106,661
Others	0	0	0	250	0	0	13,622	13,872
Public Support (Unrestricted):								
General public donations	3,107	0	0	0	0	0	0	3,107
Program Service Fees (charges for services):								
Transportation	0	6,662	0	0	0	0	0	6,662
Interest Income	4,528	33	8	10	13	1	2	4,595
Miscellaneous Income	359	300	0	0	0	0	0	659
Total revenues	<u>1,445,093</u>	<u>224,318</u>	<u>110,452</u>	<u>319,142</u>	<u>247,155</u>	<u>20,790</u>	<u>166,637</u>	<u>2,533,587</u>
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Personnel	25,490	389,206	137,461	164,857	220,888	18,906	45,008	1,001,816
Fringe	6,644	92,173	20,158	27,392	26,891	1,884	5,702	180,844
Travel	304	22,364	405	45,468	864	0	1,531	70,936
Operating Services	9,489	70,386	8,102	25,213	12,101	0	9,831	135,122
Operating Supplies	1,113	66,487	2,862	12,615	1,040	0	6,718	90,835
Other Costs	11,089	18,016	5,042	9,185	0	0	1,303	44,635
Full Service	0	5,064	0	0	0	0	45,535	50,599
Meals	0	0	47,095	210,578	0	0	8,365	266,038
Utility Assistance	0	0	0	0	0	0	18,492	18,492
Specific Assistance to Individuals	3,662	0	0	0	0	0	0	3,662
Capital Outlay	130,512	0	0	0	0	0	0	130,512
Intergovernmental	40,938	0	0	0	0	0	0	40,938
Total expenditures	<u>229,241</u>	<u>663,696</u>	<u>221,125</u>	<u>495,308</u>	<u>261,784</u>	<u>20,790</u>	<u>142,485</u>	<u>2,034,429</u>
Excess of revenues over (under) expenditures	1,215,852	(439,378)	(110,673)	(176,166)	(14,629)	0	24,152	499,158
OTHER FINANCING SOURCES (USES)								
Operating transfers in	0	439,378	110,673	176,166	14,629	0	11,653	752,499
Operating transfers out	(718,344)	0	0	0	0	0	(34,155)	(752,499)
Net increase (decrease) in fund balances	<u>497,508</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,650</u>	<u>499,158</u>
FUND BALANCE (DEFICIT)								
Beginning of year, as previously reported	1,454,121	0	0	0	0	0	25,955	1,480,076
Reclassification of NSIP fund balance	18,627	0	0	0	0	0	(18,627)	0
Beginning of year, as restated	<u>1,472,748</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,328</u>	<u>1,480,076</u>
End of year	<u>\$ 1,970,256</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,978</u>	<u>\$ 1,979,234</u>

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

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

**XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana**

For the year ended June 30, 2010

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$	499,158
<p>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 reconciling amount is the amount by which capital outlays (\$130,512) exceeds depreciation (\$75,851) in the current period.</p>		
		54,661
<p>Governmental funds do not report unpaid accumulated leave. However, the liability for unpaid accumulated leave is shown in the Statement of Net Assets and the increase in the liability for the fiscal year is shown as an expense addition in the Statement of Activities. The increase in the liability is a reconciling amount.</p>		
		<u>(1,179)</u>
Increase (Decrease) of Net Assets of Governmental Activities	\$	<u><u>552,640</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

XYZ Parish Council on Aging, Inc.
Baton Rouge, 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 XYZ Parish Council on 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 XYZ Parish, Louisiana; 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; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), 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 XYZ Parish include transportation, homemakers, legal assistance, information and assistance, outreach, utility assistance, congregate and home-delivered meals, distribution of food commodities, nutritional education, individual counseling, in-home respite, employment services, medication management, wellness, and unmet needs.

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 to 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 XYZ Parish Council on Aging, Inc. (the Council) is a non-profit, quasi-public corporation. The Council received its charter from the governor of the State of Louisiana on November 7, 1973 and subsequently incorporated on June 14, 1974, 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. Each member may serve no more than two consecutive terms. Any board member who has served two consecutive terms is ineligible to serve on the board of directors for one year. Reasonable efforts are made to maintain a board of directors whose composition will be representative of the population of XYZ Parish. Nominations to fill expiring terms of board members are made in February by the Council's Development Committee. Additional nominations may also come from the floor. The members of the Council elect board members at a regular board meeting in April. Any adult citizen of XYZ Parish may register to be a "member" 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.

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.

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)

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 amounts 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.

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 such as intergovernmental revenues, property taxes, 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 restricted 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.

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)**

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." GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA administrative funds are allocated to the Council's other functions and programs.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Property taxes, unrestricted contributions, unrestricted 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.

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.

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 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. For this year, no additional funds were deemed to be major funds by management. 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.

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

The General Fund is the primary 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 are brief descriptions of the programs and funding sources that comprise the Council's General 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)

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. 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 transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their 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 for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion in any program provided the program is benefitting 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 subsidize that fund's program expenditures.

Unmet Needs Program

The Council provides financial assistance to persons who are at least 60 years old that are facing a serious financial or health emergency. The person must be a resident of XYZ Parish and can receive financial assistance of up to \$200 per year. The money can be used to pay for rent; to meet a medical emergency; and to make minor home repairs. During fiscal 2010, the Council helped 20 different people.

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)**

Area Agency Administration (AAA) Funding

Each fiscal year GOEA provides the Council with funds to subsidize the costs of administering the Council's special programs for the aging. This year GOEA granted the Council \$39,808 of AAA funding, which has been received and accounted for in the Council's General Fund along with an equal amount of administrative expenditures. The amount of funding is not enough to pay for all the indirect administrative (indirect) type costs. As a result, the Council will consume the GOEA grant funds first when paying for administrative costs and then allocate the excess administrative costs to other programs using a formula based on the percentage each program's direct costs bears to direct costs for all programs. In addition, due to program restrictions, administrative costs may not be allocated to certain funds and programs.

Supplemental Senior Center Funding

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. In FY 2010, the Council received \$2,786 of supplemental senior center funding from GOEA. Management can use its discretion as to how to spend this money, as long as the program benefits anyone at least 60 years old. This year management received this money into the Council's General Fund and then transferred it out to the Title C-1 Fund to subsidize the operating costs of that fund's program services.

Audit Funding

Each year GOEA provides funds to subsidize the cost of the Council's annual audit. The audit funds (\$1,983 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 \$25,468. The audit costs in excess of the subsidy were allocated to the Council's programs and funds using its indirect cost allocation model.

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)**

FTA Funding for Vehicle Acquisition

The Council participates in a capital assistance program for elderly and disabled sponsored by the U.S. Department of Transportation, Federal Transit Administration (FTA). The purpose of this program is to provide the Council an avenue to acquire vans by only having to put up 20% of the van's total cost. The Louisiana Department of Transportation and Development (DOTD) coordinates the receipt and disbursement of the federal funds and the required matching funds from the Council. During FY 2010 the Council received two vans under this program. The federal government's share (\$77,434) of the total cost of these two vans has been presented as the gross revenues within the Council's General Fund with an offsetting amount also presented as the capital outlay expenditures in this fund.

Other Local Program Services

The Council provides a variety of other services that include:

- Assisting senior citizens in selecting a prescription drug plan under Medicare Part D; and
- Benefits checkup.

Other services have been combined and reported as one line item on the Statement of Activities but are included as part of the General Fund on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

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)

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.

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:

Major Governmental Funds:

Title III B Fund

The Title III B Fund accounts 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 social services, along with the number of units provided during the fiscal year, are as follows:

Type of Service Provided	Units
Homemaker	10,083
Information and Assistance	1,207
Legal Assistance	71
Material Aid	2,712
Medical Alert	80
Outreach	158
Transportation	12,861
Utility Assistance	608
Recreation	6,634

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 B Fund - (Continued)

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

- A grant from GOEA for Special Programs for the Aging _ Title III, Part B_ Grants for Supportive Services and Senior Centers (\$165,599).
- Restricted, voluntary public support (\$14,011) from persons who actually received homemaker and transportation services.

Title III C-1 Fund

The Title III C-1 Fund accounts for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout XYZ Parish. The Council maintains meal sites in _____, Baton Rouge, _____, _____, _____, and _____. During the year, the Council provided 22,490 meals, which includes 1,782 of congregate meals paid for with American Recovery and Reinvestment Act of 2009 (ARRA) funds, and 23 units of nutrition education to people eligible to participate in this program.

There were three main sources of revenues received this year that form the basis of this fund:

- A grant from GOEA for Special Programs for the Aging _ Title III, Part C-1 _ Nutrition Services (\$58,785).
- Restricted, voluntary public support (\$30,664) from those persons who received congregate meals services.
- Nutrition Services Incentive Program (NSIP) funds (\$17,968) provided by GOEA to supplement the congregate meals program. Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.

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 - (Continued)

Note that the Council's management established a separate ARRA Stimulus C-1 Fund to account for any ARRA funds that the Council received for congregate meals to ensure accountability and transparency. Accordingly, none of the ARRA revenues or related expenditures are included in this C-1 Fund.

Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals and nutrition education to homebound people who are age 60 or older. During the year the Council provided 94,177 home-delivered meals, which includes 1,819 of home-delivered meals paid for with ARRA funds. There were four main sources of revenues received this year that form the basis of this fund:

- A grant from GOEA for Special Programs for the Aging _ Title III, Part C-2 _ Nutrition Services (\$125,718).
- Nutrition Services Incentive Program (NSIP) grant funds (\$71,871) provided by GOEA to supplement the home-delivered meals program.
- Restricted, voluntary public support (\$61,627) from those persons who received the home-delivered meals.
- Restricted public support (\$ 52,184) from the United Way.

Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.

Note that the Council's management established a separate ARRA Stimulus C-2 Fund to account for any ARRA funds that the Council received for home-delivered meals to ensure accountability and transparency. Accordingly, none of the ARRA revenues or related expenditures are included in this C-2 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)**

Title V Fund (primary grant)

The Title V Fund (primary grant) accounts for the administration of GOEA's primary grant award to the Council for the Senior Community Service Employment Program. The purpose of this program is to provide, foster, and promote part-time work opportunities in community service activities for low-income persons who are at least 55 years old. The elderly persons who are employed through this program work at various state, parish, and local agencies in XYZ Parish and seven surrounding parishes. These workers are paid the minimum wage and are limited to a certain number of hours per week. During the year, 38 elderly people were employed through this program using the primary grant from GOEA.

Title V ARRA Fund

The Title V ARRA Fund accounts for the administration of GOEA's ARRA grant award to the Council for the Senior Community Service Employment Program. The purposes of this program are the same as those being paid for with GOEA's primary grant funds except the ARRA funds were designed to expand the program and enable the Council to place more elderly persons in the workforce. During the year, 4 additional elderly people were employed through this program using the ARRA grant from GOEA.

Note that the Council's management established a separate Title V ARRA Fund rather than comingle this money with the primary Title V program to ensure accountability and transparency for these funds. Accordingly, none of the ARRA revenues or related expenditures are included in the Title V (primary grant) 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)

Nonmajor Governmental Funds:

Senior Center Fund

The Senior Center Fund accounts for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide community service centers where elderly people can receive supportive social services and participate in activities, which foster their independence, enhance their dignity, and encourage their involvement in and with the community. Senior centers are located in _____, _____, and _____.

Utility Assistance Fund

This fund accounts 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 aging throughout the state to provide assistance to the elderly, as well as disabled and handicapped people, for the payment of their utility bills. Program contributions from Entergy customers for the Power to Care utility assistance program can only be used to pay for direct services.

No indirect or administration expenses can be paid for with these funds. However, a small amount of funds contributed under the City of _____'s "Help Your Neighbor" program can be used to pay for administrative costs. During the year, the Council assisted 104 people with paying their utility bills. The maximum amount of assistance a person can receive in one year is usually limited to \$600 under the Power to Care program and \$100 under the Help Your Neighbor 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)**

ARRA Stimulus C-1 Fund

In February 2009, the American Recovery and Reinvestment Act of 2009 was signed into law. As part of the new law, the federal government appropriated funds for congregate nutrition services for older Americans in order to help them maintain their health, independence and quality of life during the economic downturn. As a result, the Council established an ARRA Stimulus C-1 Fund to account for this special money.

During FY 2010, the Council was able to provide 1,782 additional congregate meals with the ARRA funds.

ARRA Stimulus C-2 Fund

The American Recovery and Reinvestment Act of 2009 also included funding that would provide meals to homebound people who are at least 60 years old and who are currently on a waiting list or have been assessed as having either a social or medical need. Accordingly, the Council established an ARRA Stimulus C-2 Fund to account for this special money. During FY 2010, the Council was able to provide 1,819 additional home-delivered meals with the ARRA funds.

Title III D Fund

The Title III D Fund accounts for funds used for wellness, which include disease prevention and health promotion activities. During the year, the Council provided 7,647 units of wellness services and 314 units of medication management services to eligible participants in this program. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA 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 62 units of information and assistance, 2,180.50 units of in-home respite, 119 units of material aid, and 16 units of individual counseling services under this program. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA 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 XYZ Parish, Louisiana with special emphasis on rural communities and to increase public awareness and enrollment into the benefits available under LIS and MSP. During the year, the Council provided 54 units of services under this program, which consisted of providing information and outreach services to 54 different people.

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 is a cost 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" on the Statement of Net Assets is comprised of restricted cash of \$22,947 and unrestricted cash of \$1,926,079. The Council has presented restricted cash as a component of current assets in the Statement of Net Assets because it is 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 (\$8,511) 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. Prepaid Expenses/Expenditures

In the Statement of Net Assets prepaid expenses include amounts paid in advance for goods and services. These 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 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, 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. Occasionally, with council on aging type entities, disbursements are made as "matching" payments to acquire vehicles that will be titled to another government. When this type of transaction occurs, the disbursement is recorded as a prepaid expense and amortized in the Statement of Net Assets to better present the economies of the 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. The Council did not have any "matching" type transactions this year.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

i. **Capital Assets**

The accounting and reporting treatment used for 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 purchased or acquired with an original cost of at least \$1,000 and 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.

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	10 years
Vehicles	5 years
Computer equipment	5 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.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

i. **Capital Assets - (Continued)**

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.

j. **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.

k. **Compensated Absences**

The Council's policies for vacation leave permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid leave has been recorded in the government-wide statements. Management has estimated the current and long-term portions of this liability based on the Council's policy as it relates to accruing (earning) and using vacation leave. Accordingly, all amounts earned and unused as of year-end are considered a current liability for purposes of the Statement of Net Assets.

The amount accrued as the compensated absence liability was determined using the number of vested hours for each employee multiplied by the employee's wage rate in effect at the end of the year. An amount is added to this total for Social Security and Medicare taxes.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

k. Compensated Absences - (continued)

In contrast, the governmental funds in the fund financial statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, payments for vacation leave will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees. As a result, no amounts have been accrued as fund liabilities as of year-end in the fund financial statements. The difference in the methods of accruing compensated absences creates a reconciling item between the fund and government-wide financial statement presentations.

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

l. 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.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

m. Deferred Revenues 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 Fund Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenues at year-end.

n. Deferred Property Tax Revenue

Deferred property tax revenues arise when property taxes are expected to be received but not within 60 days after the end of the Council's fiscal year in which the taxes are 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 any property tax revenue collected after August 31, 2010 for the 2009 property tax assessment will be immaterial.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

o. 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 have 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 in a specific program or for a specific purpose, the Council's usual policy is to use restricted resources first to finance its activities. However, management will depart from its usual policy by using unrestricted funds in the Council's nutrition programs before consuming unspent NSIP funds, which are restricted type revenue. The reason management will take this action is because certain unrestricted funds will have to be returned to GOEA if not consumed by June 30, whereas unconsumed NSIP funds are allowed by GOEA to be carried over and used in a subsequent year.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

p. **Fund Equity – Fund Financial Statements**

Governmental fund equity is classified as fund balance. Beginning with FY 2010, the Council 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 purpose 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 as 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.

Management has classified \$4,320 of the fund balance for the utility assistance special revenue fund as being restricted due to the constraints placed on the use of the money contributed by the general public and Entergy Corporation. Unspent NSIP funds (\$18,627) within the Council's General Fund have also been classified as restricted because of spending constraints placed upon this money by GOEA.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

p. Fund Equity - Fund Financial Statements - (continued)

- 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.
- Assigned: This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Council's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The Council's management assigned \$7,000 of funds during the year for utility assistance and had \$4,658 of this amount remaining as of June 30, 2010.
- 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 would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

q. 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.

r. 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. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula 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.

s. Elimination and Reclassifications

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

Note 1 - Purpose of the Council on Aging and Summary of Significant Accounting Policies - (Continued)

t. 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

During fiscal year 2009, the Council began receiving funds from a property tax that was adopted by the voters of XYZ Parish on July 19, 2008 to specifically provide money to finance the Council's operations. The XYZ Parish Assessor began assessing this property tax in 2009 and will continue to do so through 2017. The tax is 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.

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

The gross assessed value as of January 1, 2009, of the certified roll was \$813,786,115. After applying homestead exemptions and other reductions of \$170,754,635 the net assessed value upon which the Council's property tax was computed was \$643,031,480. Two mills is the maximum amount the Council may legally elect to assess property owners each year and the Council's board of directors elected to have the Parish assess the maximum 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 \$1,299,504. This net amount was adjusted later by the assessor to \$1,286,063 as a result of supplements and reductions.

Property taxes are levied in November and 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 XYZ 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 XYZ Parish for the 2009 tax assessment was June 9, 2010, and the tax liens were recorded on July 20, 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 property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. Accordingly, property tax collections of \$4,128 during July and August 2010 were accrued as this year's revenues. The Council did not present any amounts this year as deferred property tax revenue because management estimates little, if any, property taxes will be collected after August 31, 2010 for the 2009 property tax assessment.

Based on information available to management at the time these financial statements were prepared, management estimates \$1,277,552 (approximately 99.4%) of the adjusted property taxes due from the 2009 tax assessment will be collected. Accordingly, management has recorded an estimate for uncollectible property taxes of \$8,511, which has been charged directly against the gross property tax revenue for the fiscal year.

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

Property tax revenues of \$1,277,552 on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) have not been reduced by \$40,938 withheld by the Sheriff for "on-behalf payments for fringe benefits," which represent the Council's pro rata share of retirement plan contributions for other government agencies. Instead, the \$40,938 has been included within the total of \$40,938 of intergovernmental expenditures on Exhibit D. In contrast, for purposes of the government-wide Statement of Activities (Exhibit B), property tax revenues of \$1,277,552 were reduced by the \$40,938 of on-behalf payments to present a net amount of \$1,236,614 for general revenues. Also see Note 22 to these financial statements.

Note 4 - Cash Management and Bank Deposits

The Council maintains a consolidated bank account at _____ Bank to deposit the money it collects and to pay bills other than payroll. The consolidated bank account is available for use by all funds. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. The Council also maintains another demand deposit account at _____ Bank for making payroll disbursements. This account is maintained on an imprest basis. A third bank account, which is a savings account, was established by management to obtain interest on idle funds, maintain liquidity, and reduce credit risks.

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

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

Cash is reported at its carrying value, which equals its fair value. At June 30, the carrying value of the Council's cash was \$1,949,026 and the corresponding bank balance was \$1,980,452. The difference of \$31,426 was principally due to outstanding checks that had not cleared the bank. Bank balances in excess of the \$250,000 FDIC insurance are exposed to credit risks. However, _____ Bank has pledged securities with a market value at June 30, 2010 of \$1,933,598 to minimize the Council's credit risk associated with the uninsured bank balances. Although these securities are not in the Council's name, they are being held by _____ Bank's agent, the Federal Reserve Bank of New York, for the benefit of the Council. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the Council that the fiscal agent (in this case _____ Bank) has failed to pay deposited funds upon demand.

Note 5 - Prepaid Expenditures and Expenses

At year-end, prepaid expenditures in the Fund Balance Sheet and prepaid expenses in the Statement of Net Assets consisted of the following:

Licenses and fees	\$ 563
Rent	305
Dues and subscriptions	1,926
Life/Disability insurance premiums	706
Health insurance premiums	6,311
Property and liability insurance premiums	<u>16,326</u>
Total prepaid expenditures and expenses	<u>\$ 26,137</u>

Note 6 - Changes in Capital Assets

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

<u>Capital Assets Being Depreciated</u>	<u>Balances</u>			<u>Balances</u>
	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Vehicles	\$ 367,693	\$ 130,512	\$ -	\$ 498,205
Furniture and equipment	51,280	-	-	51,280
Total Capital Assets	<u>418,973</u>	<u>130,512</u>	<u>-</u>	<u>549,485</u>
Less Accumulated Depreciation:				
Vehicles	\$ 250,120	\$ 71,142	\$ -	\$ 321,262
Furniture and equipment	23,065	4,709	-	27,774
Total Accumulated Depreciation	<u>273,185</u>	<u>75,851</u>	<u>-</u>	<u>349,036</u>
Capital Assets, Net of Depreciation	<u>\$ 145,788</u>	<u>\$ 54,661</u>	<u>\$ -</u>	<u>\$ 200,449</u>

None of the above amounts includes any donated asset.

The Council's management has reviewed the capital assets and does not believe any of them are impaired or totally inoperable as of year-end, except for three vehicles which were at public auction awaiting sale. These vehicles will be deleted from the Council's fixed asset inventory when they are sold. Their combined book value at year end was zero.

Depreciation was charged to governmental activities as follows:

Administration	\$ 11,633
Supportive Services:	
Transportation of the elderly	53,774
Nutrition Services:	
Congregate Meals	2,655
Home-delivered Meals	7,789
Total depreciation expense	<u>2,655</u>
for governmental activities	<u>\$ 75,851</u>

Note 6 - Changes in Capital Assets - (Continued)

The \$11,633 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 other depreciation amounts (\$64,218) are charged as direct expenses to their related functions on the Statement of Activities.

Note 7 - Changes in Compensated Absences

For purposes of the Statement of Net Assets, the Council has presented all of its accumulated unpaid vacation leave as a current liability. This is because vested amounts will likely be used before the end of the next fiscal year. In contrast, no liability for compensated absences has been presented in the Balance Sheet of the fund financial statements because such leave does not become a liability until the employee has made a request to use it or terminates employment with the Council. The following is a schedule of changes that occurred in the Council's compensated absences account during the fiscal year.

	Balance	Net Increase	Balance
	07/01/2009	(Decrease)	06/30/2010
Unpaid vacation leave	\$ 16,594	\$ 1,179	\$ 17,773

Note 8 - Fund Balances - Fund Financial Statements

At year-end, one special revenue fund, the utility assistance fund, had a remaining fund balance of \$8,978. Of this balance \$4,320 represented unspent restricted contributions and \$4,658 represented the remainder of \$7,000 that management had initially assigned to help the elderly with utility bills.

Note 8 - Fund Balances – Fund Financial Statements

For FY 2010, management adopted the provisions of GASB Statement 54 as described in Note 1t to these financial statements. As a result, there is no longer a need to maintain a special revenue fund for Nutrition Services Incentive Program (NSIP) funds. At the end of last year, the Council presented an \$18,627 NSIP fund balance as a component of the total special revenue fund balance. In order to align its financial statements with the new accounting pronouncement, management has reclassified the \$18,627 of NSIP fund balance to its General Fund as a restricted component of the General Fund's fund balance. For FY 2010 the Council expended the exact amount of the gross NSIP revenues it received, which left it with the same amount of NSIP funds unspent at June 30, 2010 as was the case as of June 30, 2009.

Note 9 - 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 various in-kind contributions during the year as follows:

- The XYZ Parish Government (XYZPG) provides the Council's main office facility and certain building supplies at no charge.
- Various people have volunteered their time to work in the senior centers and serve congregate meals.

Note 9 - In-Kind Contributions - (Continued)

The XYZPG has provided the Council information as to the fair value of the facility rental and the building supplies. The volunteer services were valued by recording the number of hours the volunteers worked and multiplying the hours by minimum wage. A summary of the in-kind contributions and their estimated values is as follows:

Facility rental	\$ 20,000
Building supplies	1,500
Volunteer workers	<u>31,560</u>
	<u>\$ 53,060</u>

If these in-kind contributions had been recorded in the Statement of Activities their allocation would have been as follows:

Administration	\$ 21,500
Nutrition Services - congregate meals	15,381
III D Preventive Health	490
Senior Citizens Center Operations	<u>15,689</u>
	<u>\$ 53,060</u>

Note 10 - 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 any out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

Note 11 - Income Tax Status

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

Note 11 - Income Tax Status - (Continued)

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 12 - 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 unexpected lawsuits or claims that might be filed against the Council would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 13 - 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 or any of its subcontractors 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 not any contingent liabilities relating to the Council's noncompliance 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 14 - 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 by employees; job related illnesses or injuries to employees; officer and directors' liability; business interruption; and natural disasters. To primarily cover or reduce the risk of loss that might arise should one of these incidents occur, the Council has purchased commercial insurance with varying deductible amounts as follows:

<u>Type of Coverage</u>	<u>Deductible per Incident</u>
Auto Collision and comprehensive	\$1,000
Business personal property	\$1,000, +5% wind/hail deductible
Electronic equipment	\$1,000, +5% wind/hail deductible
General liability	\$2,500
Director's and officer's liability	\$2,500
Employment practices	\$5,000

The Council also carries workman's compensation insurance and employee health and accident insurance for which it has no deductibles.

Although the Parish Council on Aging (Council) has purchased insurance coverage to reduce its risk of loss for the aforementioned types of casualties, the Council has elected to allow the XYZ Parish Government (XYZPG) to provide vehicle liability coverage for the Council's vehicles in an effort to minimize expenditures relating to this type of coverage. The XYZPG has a self-insured risk retention program, which means that the XYZPG and the Council are exposed for the first \$50,000 of damages per incident that might arise should the Council be held liable in a vehicle accident. The Council is not required to pay the XYZPG any premiums to participate in its risk retention program. Also, the XYZPG and the Council have not assigned any funds to cover damages under \$50,000 per incident. Instead, the Council's management will pay for any damages or claims using General Fund money as they arise. Accordingly, the Council could be exposed to significant losses should multiple accidents happen within the \$50,000 deductible amount.

Note 14 - Risk Management - (Continued)

In the fund financial statements the COA reports all of its risk management activities, including the cost of legal representation, claim settlements, and judgments, in the General Fund. In the government-wide financial statements similar expenses will be allocated directly to the function that gave rise to the expense in the Statement of Activities. Claims expenditures, expenses, and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. There was \$1,913 of claim losses in FY 2010, which are included as a component of Other Costs within the General Fund and as a component of Other Services on the Statement of Activities. Management has not made any estimates or accruals for claim losses that might arise in future years during the normal course of business.

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.

There have been no significant reductions in insurance coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage, or that caused the COA to have to pay any significant amounts as a result of participating with the XYZPG in its self-insurance program.

Note 15 - Lease Agreements

The Council entered into a 60-month lease for a copy machine beginning September 1, 2005. The monthly rent on this lease was \$385. This lease ended June 30, 2010 and a new 60-month lease for another copy machine was entered into effective July 1, 2010. The minimum future lease payments under this non-cancelable lease as of June 30, 2010, for each year until the lease expires, and in the aggregate, are as follows:

Note 15 - Lease Agreements - (Continued)

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$5,328
2012	5,328
2013	5,328
2014	5,328
2015	<u>5,328</u>
Total minimum lease payments	<u>\$26,640</u>

At the end of the lease, management has the option to buy the copy machine for its fair market value or return it in good working condition.

Total rental expense of \$4,235 has been included in operating service expenditures for the current year.

The Council is also responsible for paying any property tax that might be assessed by XYZ Parish on the copy machine lease. For FY 2010 the property tax assessment on the copy machine was \$76.

Note 16 - Related Party Transactions

There were not any related party transactions during the fiscal year.

Note 17 - Interfund Receivables and Payables

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:

	Due From Other Funds	Due To Other Funds
General Fund:		
Major Funds:		
Title V Fund	\$ 16,184	\$ 0
Total General Fund	16,184	0
Special Revenue Funds:		
Major Funds:		
Title V Fund:		
General Fund	0	16,184
Total Special Revenue Funds	0	16,184
Total All Funds	\$ 16,184	\$ 16,184

Note 18 - Interfund Transfers

Operating transfers to and from are listed by fund for the fiscal year as follows:

	Operating Transfers	
	In From	Out To
General Fund:		
Title III B Fund	\$ 0	\$ 439,378
Title III C-1 Fund	0	76,518
Title III C-2 Fund	0	176,166
Title V Fund	0	14,629
Nonmajor Funds in the Aggregate	0	11,653
Total General Fund	0	718,344
Title III B Fund:		
General Fund	\$ 439,378	\$ 0
Total Title III B Fund	439,378	0
Title III C-1 Fund:		
General Fund	\$ 76,518	\$ 0
Nonmajor Funds in the Aggregate	34,155	0
Total Title III C-1 Fund	110,673	0
Title III C-2 Fund:		
General Fund	\$ 176,166	\$ 0
Total Title III C-2 Fund	176,166	0
Title V Fund:		
General Fund	\$ 14,629	\$ 0
Total Title V Fund	14,629	0
Nonmajor Funds in the Aggregate:		
General Fund	\$ 11,653	\$ 0
Title III C-1 Fund	0	34,155
Total Nonmajor Funds in the Aggregate	11,653	34,155
Grand Totals	\$ 752,499	\$ 752,499

Note 18 - 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 19- Economic Dependency

The Council's largest single source of revenue is from a property tax. If the property in XYZ 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, including the BP oil spill that will adversely affect next year's property tax revenue.

The Council also receives significant amounts of its annual revenues from the Governor's Office of Elderly Affairs (GOEA). These revenues are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds the Council will receive next year relating to revenues it usually receives from GOEA.

Note 20 - Line Of Credit

On October 20, 2004, the Council's board of directors approved a \$75,000 line of credit with the Council's bank. The line of credit is to be used in case grant funds are not received on time. The Council did not have to draw on the line of credit during the year.

Note 21 - Financial Assistance Provided by the Parish Parish Government

Each year the XYZ Parish Government (LPG) has provided the Council a significant amount of financial assistance. For the period July 1, 2009 through December 31, 2009, the XYZPG provided tangible assistance of \$49,861 in the form of indirect cash assistance by paying certain Council expenses directly. The details of the tangible assistance are as follows:

Expenses paid by the LPG on-behalf of the Council:	
Fuel costs for vehicles	\$ 26,192
Health insurance for COA employees (50% of the total monthly cost)	19,116
Insurance premiums for vehicle liability	4,553

Beginning January 1, 2010 the XYZPG discontinued paying these types of expenses for the Council because the Council receives sufficient property tax revenues.

The XYZPG also provides intangible assistance to the Council in the form of facility rental and building supplies. The combined value of this assistance is \$21,500. See Note 9 for more information.

Note 22 - 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 local public retirement systems. The Council's pro-rata share of the required contribution was \$40,938 that was withheld by the XYZ Parish Sheriff from property tax collections to satisfy the Council's obligation. 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 \$40,938 withheld by the Sheriff represents "intergovernmental" expenditures of the General Fund on Exhibit D. Further, as described in Note 3, the Council has also increased its property tax revenues by the same amount of this intergovernmental expenditure.

Note 23 - Purchase Commitments

The Council has deposited \$28,578 as its share of matching funds (20% of the total cost) for three vehicles that will be purchased under a federal public transportation capital assistance program for elderly and disabled persons. The vehicle purchase contract is between the Council and the Louisiana Department of Transportation and Development (DOTD). The deposited amounts have been presented as a component of nonspendable fund balance of the Council's General Fund as of year end. Management expects the three vehicles to be delivered in fiscal year 2011 or 2012.

Note 24 - Subsequent Events

Management has evaluated subsequent events through December 15, 2010, which is the date the financial statements were available to be issued. There were no events that required disclosure, except that at the October 20, 2010 board meeting the board voted to notify GOEA that after June 30, 2011 the Council will no longer administer the Title V program for GOEA.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

Budgetary Comparison Schedule - General Fund

XYZ Parish Council on Aging, Inc.

Baton Rouge, Louisiana

For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u> <u>(Amended)</u>	<u>Modified</u>	<u>Final Budget</u>
			<u>Accrual</u> <u>Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
PCOA grant	\$ 37,500	\$ 37,500	\$ 37,500	\$ 0
Supplemental Senior Center grant	2,786	2,786	2,786	0
AAA grant	39,808	39,808	39,808	0
Audit subsidy grant	2,911	1,983	1,983	0
XYZ Parish Government	2,993	35	36	1
La Dept of Transportation & Development	82,200	124,800	77,434	(47,366)
Ad Valorem Taxes	861,345	1,259,293	1,277,552	18,259
Public Support - restricted	0	1,000	0	(1,000)
Public Support - unrestricted	3,000	2,500	3,107	607
Program Service Fees	12,000	0	0	0
Interest Income	3,000	3,825	4,528	703
Miscellaneous	0	0	359	359
Total Revenues	1,047,543	1,473,530	1,445,093	(28,437)
EXPENDITURES				
Current:				
Personnel	40,301	27,134	25,490	1,644
Fringe	13,314	6,778	6,644	134
Travel	355	314	304	10
Operating Services	17,746	10,756	9,489	1,267
Operating Supplies	2,137	1,129	1,113	16
Other Costs	8,678	8,594	11,089	(2,495)
Full Service	0	0	0	0
Specific Assistance to Individuals	10,000	4,470	3,662	808
Capital Outlay	148,000	189,811	130,512	59,299
Intergovernmental	0	40,938	40,938	0
Total Expenditures	240,531	289,924	229,241	60,683
Excess of revenues over expenditures	807,012	1,183,606	1,215,852	32,246
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	(807,012)	(695,506)	(718,344)	(22,838)
Total other financing sources and uses	(807,012)	(695,506)	(718,344)	(22,838)
Net increase (decrease) in fund balance	\$ 0	\$ 488,100	497,508	\$ 9,408
FUND BALANCE				
Beginning of year, as restated			1,472,748	
End of year			\$ 1,970,256	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**XYZ Parish Council on Aging, Inc.
Baton Rouge, 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				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 165,599	\$ 165,599	\$ 165,599	\$ 0
XYZ Parish Government	84,671	37,713	37,713	0
Public Support - client contributions	11,520	13,456	14,011	555
Program Service Fees	5,340	6,345	6,662	317
Interest Income	0	34	33	(1)
Miscellaneous	0	0	300	300
Total Revenues	<u>267,130</u>	<u>223,147</u>	<u>224,318</u>	<u>1,171</u>
EXPENDITURES				
Current:				
Personnel	432,521	389,188	389,206	(18)
Fringe	108,783	93,550	92,173	1,377
Travel	19,202	22,311	22,364	(53)
Operating Services	91,039	64,164	70,386	(6,222)
Operating Supplies	68,991	60,666	66,487	(5,821)
Other Costs	20,026	16,531	18,016	(1,485)
Full Service	5,064	5,064	5,064	0
Total Expenditures	<u>745,626</u>	<u>651,474</u>	<u>663,696</u>	<u>(12,222)</u>
Excess of expenditures over revenues	<u>(478,496)</u>	<u>(428,327)</u>	<u>(439,378)</u>	<u>(11,051)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	478,496	428,327	439,378	11,051
Transfers out	0	0	0	0
Total other financing sources and uses	<u>478,496</u>	<u>428,327</u>	<u>439,378</u>	<u>11,051</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III C-1 Fund

**XYZ Parish Council on Aging, Inc.
Baton Rouge, 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</u>	<u>Favorable</u>
			<u>Accrual</u>	<u>(Unfavorable)</u>
			<u>Basis</u>	
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 58,785	\$ 58,785	\$ 58,785	\$ 0
NSIP grant	12,600	17,968	17,968	0
XYZ Parish Government	6,851	3,028	3,028	0
Public Support - client contributions	30,480	30,480	30,663	183
Interest Income	0	8	8	0
Total Revenues	108,716	110,269	110,452	183
EXPENDITURES				
Current:				
Personnel	149,982	138,508	137,461	1,047
Fringe	22,662	20,618	20,158	460
Travel	227	327	405	(78)
Operating Services	12,589	9,049	8,102	947
Operating Supplies	5,652	2,932	2,862	70
Other Costs	6,249	5,185	5,042	143
Meals	45,288	46,546	47,095	(549)
Total Expenditures	242,649	223,165	221,125	2,040
Excess of expenditures over revenues	(133,933)	(112,896)	(110,673)	2,223
OTHER FINANCING SOURCES (USES)				
Transfers in	133,933	112,896	110,673	(2,223)
Transfers out	0	0	0	0
Total other financing sources and uses	133,933	112,896	110,673	(2,223)
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

**XYZ Parish Council on Aging, Inc.
Baton Rouge, 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				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Primary grant	\$ 125,718	\$ 125,718	\$ 125,718	\$ 0
NSIP grant	47,400	71,871	71,871	0
XYZ Parish Government	17,855	7,482	7,482	0
Public Support:				
United Way	29,684	52,184	52,184	0
Client contributions	49,056	57,450	61,627	4,177
Other	0	0	250	250
Interest Income	0	10	10	0
Total Revenues	<u>269,713</u>	<u>314,715</u>	<u>319,142</u>	<u>4,427</u>
EXPENDITURES				
Current:				
Personnel	177,013	168,127	164,857	3,270
Fringe	31,209	28,464	27,392	1,072
Travel	45,809	46,288	45,468	820
Operating Services	34,574	27,240	25,213	2,027
Operating Supplies	13,865	11,609	12,615	(1,006)
Other Costs	10,577	9,130	9,185	(55)
Meals	175,831	198,063	210,578	(12,515)
Total Expenditures	<u>488,878</u>	<u>488,921</u>	<u>495,308</u>	<u>(6,387)</u>
Excess of expenditures over revenues	<u>(219,165)</u>	<u>(174,206)</u>	<u>(176,166)</u>	<u>(1,960)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	219,165	174,206	176,166	1,960
Transfers out	0	0	0	0
Total other financing sources and uses	<u>219,165</u>	<u>174,206</u>	<u>176,166</u>	<u>1,960</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			0	
End of year		See notes to required supplementary information.	<u>\$ 0</u>	

Budgetary Comparison Schedule - Title V Fund

XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana
For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final (Amended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 346,677	\$ 317,230	\$ 245,956	\$ (71,274)
XYZ Parish Government	0	0	1,186	1,186
Interest Income	0	0	13	13
Total Revenues	<u>346,677</u>	<u>317,230</u>	<u>247,155</u>	<u>(70,075)</u>
EXPENDITURES				
Current:				
Personnel	268,355	251,264	220,888	30,376
Fringe	35,723	32,907	26,891	6,016
Travel	2,265	2,040	864	1,176
Operating Services	14,315	13,942	12,101	1,841
Operating Supplies	1,040	1,040	1,040	0
Other Costs	24,979	16,037	0	16,037
Total Expenditures	<u>346,677</u>	<u>317,230</u>	<u>261,784</u>	<u>55,446</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>(14,629)</u>	<u>(14,629)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	14,629	14,629
Transfers out	0	0	0	0
Total other financing sources and uses	<u>0</u>	<u>0</u>	<u>14,629</u>	<u>14,629</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title V ARRA Fund

XYZ Parish Council on Aging, Inc.
 Baton Rouge, Louisiana
 For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u> <u>(Amended)</u>	<u>Modified</u> <u>Accrual Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 50,405	\$ 76,356	\$ 20,789	\$ (55,567)
Interest Income	0	0	1	1
Total Revenues	<u>50,405</u>	<u>76,356</u>	<u>20,790</u>	<u>(55,566)</u>
EXPENDITURES				
Current:				
Personnel	39,292	69,600	18,906	50,694
Fringe	4,015	6,756	1,884	4,872
Travel	99	0	0	0
Operating Services	2,414	0	0	0
Operating Supplies	0	0	0	0
Other Costs	4,585	0	0	0
Total Expenditures	<u>50,405</u>	<u>76,356</u>	<u>20,790</u>	<u>55,566</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Total other financing sources and uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE				
Beginning of year			<u>0</u>	
End of year			<u>\$ 0</u>	

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

XYZ PARISH COUNCIL ON AGING, INC. BATON ROUGE, 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.

- GOEA notifies the Council each year as to the funding levels for each of its programs.
- Management makes revenue projections based on grants from the XYZ Parish Government, other agencies, program service fees, public support (including client contributions and United Way), 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.
- Management develops expenditure projections using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information has been obtained to project revenues and expenditures, the Council's Executive Director and Finance Administrator prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board of directors meeting before May 31 of the current fiscal year.
- The adopted budget is forwarded to the Governor's Office of Elderly Affairs (GOEA) for compliance approval.
- Unbudgeted amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, the Council will automatically 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 vehicles delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. During the fiscal year, management amended the Council's budget once at a board meeting on April 30, 2010, using a procedure similar to the one used to approve the original budget.
- 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 Governor's Office of Elderly Affairs for funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- 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 General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

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

XYZ Council on Aging, Inc.
Baton Rouge, Louisiana
For the year ended June 30, 2010

	Senior Center	Utility Assistance	ARRA Stimulus C-1	ARRA Stimulus C-2	Title III D	Title III E	MIPPA	Totals
<u>REVENUES</u>								
Intergovernmental:								
Governor's Office of Elderly Affairs	\$ 77,142	\$ 0	\$ 13,406	\$ 6,600	\$ 6,295	\$ 47,199	\$ 1,595	\$ 152,237
XYZ Parish Government	294	0	0	0	0	122	0	416
Public Support (Restricted):								
Client contributions	0	0	0	0	0	360	0	360
General public	0	240	0	0	0	0	0	240
City of	0	3,480	0	0	0	0	0	3,480
Entergy customers via East Baton Rouge COA	0	9,902	0	0	0	0	0	9,902
Interest Income	2	0	0	0	0	0	0	2
Total revenues	<u>77,438</u>	<u>13,622</u>	<u>13,406</u>	<u>6,600</u>	<u>6,295</u>	<u>47,681</u>	<u>1,595</u>	<u>166,637</u>
<u>EXPENDITURES</u>								
Health, Welfare, & Social Services:								
Current:								
Personnel	29,406	1,244	8,010	1,951	919	1,973	1,505	45,008
Fringe	3,607	122	782	186	225	665	115	5,702
Travel	69	241	0	947	13	261	0	1,531
Operating Services	8,939	0	477	0	300	115	0	9,831
Operating Supplies	226	0	0	0	6,476	16	0	6,718
Other Costs	1,036	0	0	0	193	74	0	1,303
Full Service	0	0	0	0	0	45,535	0	45,535
Meals	0	0	4,137	4,228	0	0	0	8,365
Utility Assistance	0	18,492	0	0	0	0	0	18,492
Capital Outlay	0	0	0	0	0	0	0	0
Total expenditures	<u>43,283</u>	<u>20,099</u>	<u>13,406</u>	<u>7,312</u>	<u>8,126</u>	<u>48,639</u>	<u>1,620</u>	<u>142,485</u>
Excess of revenues over (under) expenditures	34,155	(6,477)	0	(712)	(1,831)	(958)	(25)	24,152
<u>OTHER FINANCING SOURCES (USES)</u>								
Operating transfers in	0	8,127	0	712	1,831	958	25	11,653
Operating transfers out	(34,155)	0	0	0	0	0	0	(34,155)
Net increase (decrease) in fund balances	0	1,650	0	0	0	0	0	1,650
<u>FUND BALANCE (DEFICIT)</u>								
Beginning of year	0	7,328	0	0	0	0	0	7,328
End of year	<u>\$ 0</u>	<u>\$ 8,978</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,978</u>

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

**XYZ Council on Aging, Inc.
Baton Rouge, Louisiana
For the year ended June 30, 2010**

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<u>Capital Assets</u>				
Vehicles	\$ 367,693	\$ 130,512	\$ 0	\$ 498,205
Furniture & equipment	51,280	0	0	51,280
Total capital assets	<u>\$ 418,973</u>	<u>\$ 130,512</u>	<u>\$ 0</u>	<u>\$ 549,485</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
Title III C-1	\$ 9,917	\$ 0	\$ 0	\$ 9,917
PCOA	11,071	0	0	11,071
Federal Transit Administration - Section 5310	225,248	77,434	0	302,682
Gheens Foundation	17,298	0	0	17,298
Local	155,439	53,078	0	208,517
Total investment in capital assets	<u>\$ 418,973</u>	<u>\$ 130,512</u>	<u>\$ 0</u>	<u>\$ 549,485</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**XYZ Council on Aging, Inc.
Baton Rouge, 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:					
Aging Cluster :					
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	CFMS 673621	111,274	111,274	111,274
Special Programs for the Aging_ Title III, Part C_ Nutrition Services Area Agency Administration paid for with Part C-1 funds	93.045	CFMS 673621	22,691	22,691	22,691
Part C-1 - Congregate Meals Component			58,785	58,785	58,785
Part C-2 - Home Delivered Meals Component			56,948	56,948	56,948
Subtotal CFDA 93.045			<u>138,424</u>	<u>138,424</u>	<u>138,424</u>
Nutrition Services Incentive Program					
Nutrition Services Incentive Program - FY 2010 grant	93.053	CFMS 672731	89,839	89,839	89,839
Nutrition Services Incentive Program - FY 2009 grant (See Note E)	93.053	CFMS 658343	55,100	0	0
Subtotal CFDA 93.053			<u>144,939</u>	<u>89,839</u>	<u>89,839</u>
ARRA - Aging Home-Delivered Nutrition Services for State:	93.705	CFMS 677516	6,600	6,600	6,600
ARRA - Aging Congregate Nutrition Services for State:	93.707	CFMS 677516	13,406	13,406	13,406
Total Aging Cluster (CFDAs 93.044, 93.045, 93.053, 93.705 & 93.707)			<u>414,643</u>	<u>359,543</u>	<u>359,543</u>
Other Programs for the Aging:					
Title III, Part D, Disease Prevention & Health Promotion Services	93.043	CFMS 673621	6,295	6,295	6,295
Title III, Part E, National Family Caregivers Support Program	93.052	CFMS 673621	35,399	35,399	35,399
Area Agency Administration paid for with Title III, Part E funds	93.052	CFMS 673621	7,165	7,165	7,165
Subtotal CFDA 93.052			<u>42,564</u>	<u>42,564</u>	<u>42,564</u>
Medicare Enrollment Assistance Program	93.071	CFMS 684410	1,266	1,266	1,266
Totals for U.S. Department of Health & Human Services - Administration on Aging			<u>464,768</u>	<u>409,668</u>	<u>409,668</u>
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	329	329	329
Totals for U.S. Department of Health & Human Services - Centers for Medicare and Medicaid			<u>329</u>	<u>329</u>	<u>329</u>
Totals for U.S. Department of Health & Human Services - all offices			<u>465,097</u>	<u>409,997</u>	<u>409,997</u>
U.S. Department of Labor - Employment Training Administration					
Passed through the Governor's Office of Elderly Affairs:					
Senior Community Service Employment Program	17.235	CFMS 674958	297,149	232,002	232,002
ARRA - Senior Community Service Employment Program	17.235	CFMS 677138	76,356	19,328	19,328
Total for the Senior Community Service Employment Program			<u>373,505</u>	<u>251,330</u>	<u>251,330</u>
Total for U.S. Department of Labor			<u>373,505</u>	<u>251,330</u>	<u>251,330</u>
U.S. Department of Transportation - Federal Transit Administration					
Passed through the Louisiana Department of Transportation and Development					
Transit Services Programs Cluster:					
Capital Assistance Program for the Elderly and Persons With Disabilities					
* (Federal project # LA -16 - X003), (State project # 741-99-0212)	20.513	See *	77,434	77,434	77,434
* (Federal project # LA -16 - X004), (State project # 741-99-0237)	20.513	See *	114,300	0	0
Totals for U.S. Department of Transportation			<u>191,734</u>	<u>77,434</u>	<u>77,434</u>
Total federal awards			<u>\$ 1,030,336</u>	<u>\$ 738,761</u>	<u>\$ 738,761</u>

The accompanying notes 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 (the Schedule) includes the federal grant activity of the XYZ Parish Council on Aging, Inc. under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the XYZ Parish Council on Aging, Inc., it is not intended to and does not present the financial position and changes in net assets of XYZ Parish Council on Aging, Inc.
- 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 - The XYZ Parish Council on 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 - There are \$18,627 of funds remaining from the FY2009 Nutrition Services Incentive Program (NSIP) grant that remain unspent as of June 30, 2010.

AUDITOR LETTERHEAD

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,
XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of XYZ Parish Council on Aging, Inc., Baton Rouge, 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 15, 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 15, 2010.

John Doe, CPA

AUDITOR LETTERHEAD

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,
XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana

Compliance

I have audited the XYZ Parish Council on Aging, Inc., Baton Rouge, Louisiana's, (the Council) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's 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, XYZ Parish Council on Aging, Inc., Baton Rouge, 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 XYZ Parish Council on Aging, Baton Rouge, 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 to determine the 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, 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 15, 2010.

John Doe, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**XYZ Parish Council on Aging, Inc.
Baton Rouge, 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? None were reported
- Noncompliance material to the financial statements noted? No

Federal Awards:

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

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 Health and Human Services - Administration on Aging

Aging Cluster:

- Special Programs for the Aging _ Title III, Part B _ Grants for Supportive Services and Senior Centers; CFDA # 93.044,
- Special Programs for the Aging _ Title III, Part C _ Nutrition Services; CFDA #93.045,
- Nutrition Services Incentive Program; CFDA #93.053
- ARRA - Aging Home-Delivered Nutrition Services for States; CFDA # 93.705, and
- ARRA - Aging Congregate Nutrition Services for States; CFDA # 93.707.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)**

U.S Department of Labor - Employment Training Administration

Senior Community Service Employment Program, including ARRA funds relating to this program; CFDA # 17.235

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

XYZ Parish Council on Aging, Inc. was determined to be a low-risk auditee.

B. FINANCIAL STATEMENT FINDINGS

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

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

**XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana**

For the year ended June 30, 2010

Financial Statements Findings

No matters were reported last year.

Federal Award Findings and Questioned Costs

No matters were reported last year.

Management Letter

None was issued last year.

MANAGEMENT'S CORRECTIVE ACTION PLAN

**XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana**

For the Year Ended June 30, 2010

To the following oversight agencies for audit:

Federal: U.S. Department of Health and Human Services – Administration on Aging

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

Name and address of independent public accounting firm: John Doe, CPA, 123 Main Street, Baton Rouge, Louisiana 70800.

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

The auditor did not report any findings relating to the financial statements or federal awards. Accordingly, there was not any need for management to have a corrective action plan this year in response to findings or other matters.

If you have any questions regarding this audit, please call Jane Thibodeaux, the Council's Executive Director, at (225) 777-0000.

SECTION B

SAMPLE AUDIT REPORT FOR A COA - YELLOW BOOK AUDIT ONLY

Financial Report

**XYZ Parish Council on Aging
Baton Rouge, Louisiana**

June 30, 2010

TABLE OF CONTENTS

Financial Report

XYZ Parish Council on Aging Baton Rouge, Louisiana

June 30, 2010

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
A. GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
• EXHIBIT A - Statement of Net Assets	17
• EXHIBIT B - Statement of Activities	18
B. FUND FINANCIAL STATEMENTS:	
• EXHIBIT C - Fund Balance Sheet - Governmental Funds	20
• EXHIBIT D - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
• EXHIBIT E - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
C. EXHIBIT F - NOTES TO THE FINANCIAL STATEMENTS	23
SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT 34:	
• Budgetary Comparison Schedule - General Fund	63
• Budgetary Comparison Schedule - Title III B Fund	64

- **Budgetary Comparison Schedule - Title III C-1 Fund** 65
- **Budgetary Comparison Schedule - Title III C-2 Fund** 66
- **Notes to Required Supplementary Information** 67

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS (GOEA):

- **Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds** 71
- **Comparative Schedule of Capital Assets and Changes in Capital Assets** 72

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 73

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 75

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS 76

MANAGEMENT'S CORRECTIVE ACTION PLAN 79

AUDITOR LETTERHEAD

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
XYZ Parish Council on Aging
Baton Rouge, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of XYZ Parish Council on Aging, Baton Rouge, 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 1t 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 15, 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 3 through 15) and budgetary comparison information (pages 63 through 66) 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 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 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baton Rouge, Louisiana,
December 15, 2010.

John Doe, CPA

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
June 30, 2010

The following discussion and analysis of XYZ Parish Council on Aging's (the Council) financial performance provides an overview and analysis 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 a decrease in overall net assets of \$28,624, or about 10% this year.
- Net Capital Assets of the Council decreased by \$42,739 or about 30%.
- The Council's revenue, on a modified accrual basis, decreased by \$55,727 or 5%.
- Expenditures, on a modified accrual basis, decreased by \$136,191, or 12%.
- The unassigned fund balance for the Council's General Fund was \$120,274 at year-end, which is an \$11,278 increase from prior year.
- No deficit fund balances existed at year-end.
- The Council had no long-term debt at year-end.
- Administrative expenses increased this year by \$7,599, which is a 2.6% increase 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) Auditor reports.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
(Continued)

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.

The auditor has provided assurance in his independent auditor's report, located immediately before this Management's Discussion and Analysis (M D & A), that the Basic Financial Statements are fairly stated. The auditor has also provided assurance about Supplementary Financial Information required by GOEA 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

Management's analysis of the Council as a whole begins on page 7. When reading these financial statements, an important point to consider is whether the Council's finances as a whole, are better or worse off as a result of this year's activities. The Statement of Net Assets and the Statement of Activities, referred to collectively as the government-wide financial statements, report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Also, under the accrual basis, all current year revenues and expenses are taken into account regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
(Continued)

The government-wide financial statements report the Council's net assets and changes in them. The Council has restricted net assets of \$18,747 which must be used for specific purposes, whereas \$138,930 of the net assets are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other 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 Activities provides information that shows how the Council's net assets changed as a result of the year'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 the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future 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 is comprised of seven primary programs that include supportive social services, nutritional services, disease prevention and health promotion, family caregiver support, senior citizen activities, Medicare outreach and enrollment, and non-elderly transportation services. 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 government 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 services are not required to pay for what they receive. If the Council charged fees with the intent to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council does not have any business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Council as a whole entity. In the fund financial statements, there are column presentations for a General Fund, three Special Revenue Funds that have been determined to be "Major Funds," and a column for the total of all remaining Special Revenue Funds, which are deemed to be "Nonmajor Funds." Major funds are those funds 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

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
(Continued)

that does not meet these criteria but is believed to be important for the Council's financial statement users. This year management elected to include the Title III C-2 fund as a major fund. 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 that 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.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified* accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future for Council programs. The difference between net assets of governmental activities and fund balances of the governmental funds is reconciled at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balance for the governmental funds and the change in net assets for the governmental activities has been reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

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 follow the fund financial statements and should be read before making assumptions or drawing conclusions about the Council's financial condition.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
(Continued)

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 a legally 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 is also required supplementary information (RSI) by GASB Statement 34. However, GASB 34 requires it to be presented as the first item in this reporting package and not with GASB's 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. 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.

**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
XYZ Parish Council on Aging
(Continued)

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Current and Other Assets:			
Current Assets	\$ 164,884	\$ 141,895	\$ 22,989
Other Assets	7,150	13,977	(6,827)
Capital Assets, net of depreciation	<u>98,298</u>	<u>141,037</u>	<u>(42,739)</u>
Total Assets	<u>270,332</u>	<u>296,909</u>	<u>(26,577)</u>
Current Liabilities	<u>14,357</u>	<u>12,310</u>	<u>2,047</u>
Total Liabilities	<u>14,357</u>	<u>12,310</u>	<u>2,047</u>
Net Assets:			
Invested in Capital Assets	98,298	141,037	(42,739)
Restricted	18,747	13,761	4,986
Unrestricted	<u>138,930</u>	<u>129,801</u>	<u>9,129</u>
Total Net Assets	<u>\$ 255,975</u>	<u>\$ 284,599</u>	<u>\$ (28,624)</u>

As of June 30, 2010, the Council "as a whole" had assets greater than its liabilities of \$255,975 whereas at June 30, 2009 net assets were \$284,599. This is a decrease of \$28,624 or about 10% in net assets.

About 54.2% and 45.6% of the Council's total net assets are unrestricted as of June 30, 2010 and 2009, respectively. Unrestricted net assets are important because they provide the discretionary resources management will need so that it can quickly adapt to changes in the economy, emergencies, unexpected needs, and reductions in or termination of grant revenues by government agencies.

The Council's restricted net assets represent 7.3% and 4.8% 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
XYZ Parish Council on Aging
(Continued)

The table presented below illustrates a condensed presentation of the revenues and expenses that caused the increase in net assets for FY 2010 and FY 2009.

	<u>2010</u>	<u>% of Total</u>	<u>2009</u>	<u>% of Total</u>
<u>Revenues</u>				
Program Revenues:				
Charges for Services	\$ 54,476	5.56%	\$ 43,077	4.16%
Operating Grants & Contributions	625,831	63.92%	609,316	58.87%
Capital Grants & Contributions	0	0.00%	96,542	9.33%
General Revenues:				
Unrestricted Grants & Contributions	297,787	30.41%	276,296	26.70%
Other General Revenues	1,014	0.10%	9,735	0.94%
Total Revenues	<u>979,108</u>	<u>100.00%</u>	<u>1,034,966</u>	<u>100.00%</u>
Direct Program Expenses for the Health, Welfare and Social Services Function:				
<hr/>				
Supportive Services:				
Transportation for the Elderly	338,637	33.60%	325,592	32.02%
Other Supportive Services	108,530	10.77%	112,023	11.02%
Nutrition Services:				
Congregate Meals	65,500	6.50%	90,873	8.94%
Home-delivered Meals	86,731	8.61%	83,143	8.18%
Transportation for the Non-elderly	92,074	9.14%	98,087	9.65%
Other Social Service Programs and Activities	19,877	1.97%	18,440	1.81%
Direct Administrative Expenses	<u>296,383</u>	<u>29.41%</u>	<u>288,784</u>	<u>28.40%</u>
Total Expenses	<u>1,007,732</u>	<u>100.00%</u>	<u>1,016,942</u>	<u>100.00%</u>
Increase (Decrease) in Net Assets	<u>(28,624)</u>		<u>18,024</u>	
Net Assets, Beginning of the Year	<u>284,599</u>		<u>266,575</u>	
Net Assets, End of the Year	<u><u>\$ 255,975</u></u>		<u><u>\$ 284,599</u></u>	

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. Unrestricted grants and contributions make up the second largest percentage of revenues and this revenue is available to management to use at its discretion. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
(Continued)

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.

The Council had a \$28,624 decrease in its net assets for FY 2010, whereas the increase in net assets for FY 2009 was \$18,024. There is a reconciliation that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances that presents an analysis of why there are differences between that particular fund financial statement and the government-wide Statement of Activities for FY 2010.

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

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 XYZ Parish and right now these two services are in the greatest demand. However, there is a growing demand for other supportive services. 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. None of the programs are expected to be truly self-supporting and management has prepared budgets accordingly. However, on occasion, a program might "break even" or even make a slight "profit." Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. Without the unrestricted grants and contributions, the Council would have a difficult time providing 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 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 2009, total administration expenses were \$288,784, or 28.4% of total expenses. In FY 2010, total administration expenses were \$296,383 or 29.4% of total expenses. Administration expenses include indirect type costs, meaning these are costs that are not specifically identified with a particular program, but which benefit all programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
(Continued)

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

Fund Balances

The Council presents a combined governmental fund balance of \$143,699 (as shown on the Fund Financial Statement's Balance Sheet) at the end of this year, which is an increase of \$20,942 from 2009. When you look at the funds individually, you will see that the Council's General Fund increased by \$21,833 this year, while the Special Revenue Funds had a combined fund balance decrease of \$891.

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.

Revenues

The combined fund revenues decreased by \$55,727 this year versus last year, as shown in the table below.

	<u>2010</u>	<u>2009</u>	<u>Amount</u>	<u>Percent</u>
Intergovernmental	\$ 771,356	\$ 851,086	\$ (79,730)	-9.37%
Public Support	154,159	130,075	24,084	18.52%
Program Service Fees	54,476	43,077	11,399	26.46%
Interest Income	1,014	1,235	(221)	-17.89%
Miscellaneous	328	11,587	(11,259)	-97.17%
Total Revenues	<u>\$ 981,333</u>	<u>\$ 1,037,060</u>	<u>\$ (55,727)</u>	-5.37%

Most of the Council's activities were funded by federal, state, and local grants, which comprise the Council's intergovernmental revenues. The total of these types of grants was \$771,356 (2010) and \$851,086 (2009) and represent about 79% and 82% of the total revenues of the Council in 2010 and 2009, respectively. Most of these grants are restricted, which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may vary based upon the level of service provided by the Council under the terms of the particular grant award. The primary reason for the decrease in

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
(Continued)

intergovernmental revenues this year was because (1) the Council did not receive any FTA funding this year whereas last year FTA funding was \$96,542 and (2) the Council received \$16,556 more in revenue this year from the XYZ Parish Government primarily from the Section 5311 rural transportation program.

The Council also received donations from its clients and the general public. These revenues helped to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues for 2010 were \$154,159 (\$130,075 for 2009) and represented about 16% and 13% of the total revenues for 2010 and 2009, respectively. Public support increased primarily because this year the Council received \$23,000 more from the Ray Smith Memorial Fund than it did last year.

Program service fees for 2010 were \$54,476 (\$43,077 for 2009) and represent approximately 5.6% (4.2% for 2009) of total revenues. The majority of program service fees are generated by the non-elderly transportation program. Program service fees increased in 2010 mainly because of the increase in demand for transportation services the Council provides to the Louisiana Department of Social Services' Office of Family Support for participants in the STEP program.

Miscellaneous revenues decreased by \$11,259 mainly because the Council did not sell any vehicle in FY 2010 while it sold four used vehicles for \$8,500 in FY 2009. Last year the Council recorded its alternate vendor income (\$2,049) separate from related expenses but in FY 2010 it chose to offset this income with related expenses to better account for the transactions related to this item.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
(Continued)

Expenditures

Total expenditures decreased by \$136,191 this year, as shown in the table that follows.

	2010	2009	Increase/(Decrease)	
			Amount	Percent
Personnel	\$ 565,798	\$ 583,428	\$ (17,630)	-3.02%
Fringe	76,110	72,233	3,877	5.37%
Travel	13,080	13,619	(539)	-3.96%
Operating Services	106,829	94,877	11,952	12.60%
Operating Supplies	97,622	92,055	5,567	6.05%
Other Costs	12,631	49,595	(36,964)	-74.53%
Meals	37,224	35,707	1,517	4.25%
Full Service Contracts	28,084	0	28,084	NA
Utility Assistance	23,013	24,891	(1,878)	-7.54%
Capital Outlay	0	121,812	(121,812)	-100.00%
Intergovernmental	0	8,365	(8,365)	-100.00%
Total	\$ 960,391	\$ 1,096,582	\$ (136,191)	-12.42%

Due to the current economic recession, management did not give a raise to employees in FY 2010 and was able to keep personnel costs under the amount budgeted. Fringe costs increased only because health insurance premiums increased this year by \$5,574 while payroll tax expenses decreased as gross wages decreased. Travel costs decreased slightly this year. Operating service costs increased this year mainly because of the increase in vehicle insurance of \$14,951, whereas other operating services decreased slightly compared to last year. Operating supplies expenditures increased mainly because of an increase in fuel costs for the Council's vans (\$8,323) and a decrease in office supplies (\$2,711). Other Costs decreased by \$36,964 because in FY 2009 audit fees and professional fees were classified under Other Costs whereas this year they were budgeted and presented as Full Service Contracts. Meals expenditures increased slightly this year. Full Service Contracts consisted of audit fees (\$20,372) and professional fees (\$7,712) as mentioned above. Utility assistance expenditures decreased because the Council had less demand for this type of assistance this year than it did in previous years. The Council did not have any Intergovernmental or Capital Outlay expenditures this year because management wanted to make sure the Council had adequate cash flow and there was not any need for these types of expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
(Continued)

AN ANALYSIS OF THE GENERAL FUND BUDGET

Over the course of this past fiscal year, the budget was amended one time. 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 Capital Area Agency and GOEA.

A schedule of the original and amended budgets for the General Fund can be found in the Supplementary Financial Information Required by GASB Statement 34 section of this report.

Overall, the Council's General Fund had a net favorable variance of \$21,833, which is the result of multiple factors, but four factors stood out more so than others. First, the Council received more program service fees (\$13,894) than budgeted; second, management did not budget any revenue amount for the employee health insurance portion paid for by TPG (\$22,769); third, actual personnel expenditures were under budget by about \$16,000 ; and fourth, the transfers out from the General Fund were \$30,267 more than budgeted.

ANALYSIS OF CAPITAL ASSETS AND DEBT ADMINISTRATION

Net capital assets decreased by \$42,739 as shown below.

	<u>Capital Assets, Net of Depreciation</u>		
	<u>2010</u>	<u>2009</u>	<u>Increase/ (Decrease)</u>
Vehicles	\$ 83,421	\$ 123,081	\$ (39,660)
Office furniture and equipment	3,934	5,723	(1,789)
Nutrition equipment	820	922	(102)
Leasehold improvements	10,123	11,311	(1,188)
	<u>\$ 98,298</u>	<u>\$ 141,037</u>	<u>\$ (42,739)</u>

The net decrease in capital assets in 2010 is a result of depreciation expense of \$(42,739).

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging
(Continued)

At year-end the Council's transportation fleet consisted of 17 vehicles, 12 of which are owned by the Council and 5 are owned by the XYZ Parish Government (XYZPG). None of the 17 vehicles was inoperable at year end.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Council receives most of its funding from 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 service provided by the Council, and therefore, revenues may vary from year to year. All of the Council's grants and contracts from the usual federal and state agencies have been awarded for FY 2011 and there were no significant changes to the funding levels or terms of the grants and contracts. Accordingly, the initial budget has been set to provide the same programs and similar levels of service next year. CAAA has also approved the Council's budget for next year. There are no plans to add or discontinue any significant programs for next year. Management's initial FY 2011 budget forecast revenues of \$920,900 and expenditures of \$920,967. The excess of budgeted expenditures over budgeted revenues is \$367. Management has "assigned" \$367 of the Council's General Fund balance to cover next year's budget deficit.

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 Jane Thibodeaux, Executive Director, at 123 Third St., Baton Rouge, LA 70800 or by phone (225) 777-0000.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

XYZ Council on Aging
Baton Rouge, Louisiana

June 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Investments	\$ 22,506
Receivables:	
Capital Area Agency on Aging (CAAA)	23,575
City of Baton Rouge	3,542
XYZ Parish Government (section 5311 grant funds)	93,361
Office of Family Support (OFS)	4,920
Other Entities	5,393
Prepaid expenses	11,587
Total current assets	164,884
Other Asset - prepaid expense for long-term vehicle use	7,150
Capital assets, net of accumulated depreciation	98,298
Total Assets	<u>270,332</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	14,244
Payroll liabilities	113
Total current liabilities	<u>14,357</u>
NET ASSETS	
Invested in Capital Assets	98,298
Restricted for:	
Utility Assistance	5,451
Senior Citizen Activities	13,296
Unrestricted	138,930
Total Net Assets	<u>\$ 255,975</u>

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

STATEMENT OF ACTIVITIES

XYZ Council on Aging
Baton Rouge, 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	Total Governmental Activities
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the elderly	\$ 338,637	\$ 151,507	\$ 0	\$ 303,708	\$ 0	\$ (186,436)
Homemaker	50,214	25,047	0	19,037	0	(56,224)
Information and Assistance	21,023	10,495	0	5,211	0	(26,307)
Outreach	458	230	0	588	0	(100)
Telephoning	11,371	5,673	0	4,693	0	(12,351)
Utility Assistance	25,224	1,103	0	17,403	0	(8,924)
Medicaid Services	0	0	252	0	0	252
Adult Day Care Services	0	0	0	0	0	0
Medic Alert Rentals	240	0	240	0	0	0
Nutrition Services:						
Congregate Meals	65,500	32,610	0	77,801	0	(20,309)
Home Delivered Meals	86,731	23,297	0	88,435	0	(21,593)
Transportation Services - non elderly	92,074	43,131	45,389	80,078	0	(9,738)
Disease Prevention and Health Promotion	3,989	1,988	0	5,841	0	(136)
Family Caregiver Support	415	205	0	1,200	0	580
Senior Citizen Activities	13,231	0	8,595	18,497	0	13,861
Medicare Outreach and Enrollment	2,242	0	0	2,242	0	0
Administration	296,383	(295,286)	0	1,097	0	0
Total governmental activities	\$ 1,007,732	\$ 0	\$ 54,476	\$ 625,831	\$ 0	\$ (327,425)
General Revenues:						
Grants and contributions not restricted to specific programs					297,787	
Interest income					1,014	
Total general revenues					<u>298,801</u>	298,801
Increase (Decrease) in net assets						(28,624)
Net assets - beginning of the year						284,599
Net assets - end of the year						<u>\$ 255,975</u>

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

FUND FINANCIAL STATEMENTS

FUND BALANCE SHEET
Governmental Funds

XYZ Council on Aging
Baton Rouge, Louisiana

June 30, 2010

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 10,537	\$ 0	\$ 0	\$ 706	\$ 11,263	\$ 22,506
Receivables:						
Capital Area Agency on Aging	0	13,474	7,037	2,235	829	23,575
City of Baton Rouge	3,542	0	0	0	0	3,542
City of XYZ	0	0	0	5,043	0	5,043
Office of Family Support	4,920	0	0	0	0	4,920
XYZ Parish Government	19,876	73,485	0	0	0	93,361
Other entities	150	200	0	0	0	350
Prepaid expenditures	4,311	0	0	0	448	4,759
Due from other governmental funds	95,025	0	0	0	0	95,025
 Total Assets	\$ 138,361	\$ 87,159	\$ 7,037	\$ 7,984	\$ 12,540	\$ 253,081
 LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	0	0	0	7,984	6,260	14,244
Accrued state unemployment tax payable	113	0	0	0	0	113
Due to other governmental funds	0	87,159	7,037	0	829	95,025
 Total Liabilities	113	87,159	7,037	7,984	7,089	109,382
 Fund Balances						
Nonspendable						
Prepaid expenditures	4,311	0	0	0	448	4,759
Restricted for:						
Senior citizen activities	13,296	0	0	0	0	13,296
Utility assistance/weatherization	0	0	0	0	5,003	5,003
Assigned to:						
FY 2011 projected budget deficit	367	0	0	0	0	367
Unassigned	120,274	0	0	0	0	120,274
 Total Fund Balances	138,248	0	0	0	5,451	143,699
 Total Liabilities and Fund Balances	\$ 138,361	\$ 87,159	\$ 7,037	\$ 7,984	\$ 12,540	
 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						13,978
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds as assets in the governmental funds						98,298
 Net Assets of Governmental Activities						\$ 255,975

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**

**XYZ Council on Aging
Baton Rouge, Louisiana**

For the year ended June 30, 2010

	<u>General Fund</u>	<u>Title III B</u>	<u>Title III C-1</u>	<u>Title III C-2</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>						
Intergovernmental:						
Capital Area Agency on Aging (CAAA)	\$ 1,097	\$ 117,324	\$ 53,700	\$ 51,416	\$ 7,041	\$ 230,578
City of XYZ	0	0	0	9,963	0	9,963
City of Baton Rouge	42,500	0	0	0	0	42,500
Governor's Office of Elderly Affairs (GOEA)	120,979	0	0	0	2,242	123,221
XYZ Parish Government	138,847	207,329	0	0	0	346,176
Town of ABC	0	2,400	0	0	0	2,400
United Way of America	0	0	0	0	16,518	16,518
Public Support (Restricted):						
Arts Council of Greater Baton Rouge	7,458	0	0	0	0	7,458
Entergy	0	0	0	0	10,838	10,838
Client contributions	18	8,531	24,081	7,878	0	40,508
People's Health Network	7,200	0	0	0	0	7,200
Boudreaux Memorial Fund	0	0	0	2,500	2,500	5,000
Other donors	3,168	0	0	160	1,718	5,046
Public Support (Unrestricted):						
United Way	37,935	0	0	0	0	37,935
Generated by fundraisers	8,349	0	0	0	0	8,349
Boudreaux Memorial Fund	30,000	0	0	0	0	30,000
Other General Public	1,825	0	0	0	0	1,825
Program Service Fees (charges for services):						
Transportation	45,389	0	0	0	0	45,389
Senior Celebration Health Fair Exhibitor Fees	8,595	0	0	0	0	8,595
Other Services	492	0	0	0	0	492
Interest Income	1,014	0	0	0	0	1,014
Miscellaneous	308	0	20	0	0	328
Total revenues	<u>455,174</u>	<u>335,584</u>	<u>77,801</u>	<u>71,917</u>	<u>40,857</u>	<u>981,333</u>
<u>EXPENDITURES</u>						
Health, Welfare, & Social Services:						
Current:						
Personnel	74,010	360,063	78,712	47,590	5,423	565,798
Fringe	10,084	48,883	10,107	6,358	678	76,110
Travel	698	10,144	636	1,461	141	13,080
Operating Services	19,404	75,181	3,314	7,810	1,120	106,829
Operating Supplies	21,280	68,129	2,252	4,677	1,284	97,622
Other Costs	8,406	3,927	179	111	8	12,631
Meals	0	0	0	20,706	16,518	37,224
Full Service Contracts	28,084	0	0	0	0	28,084
Utility Assistance	0	0	0	0	23,013	23,013
Capital Outlay	0	0	0	0	0	0
Total expenditures	<u>161,966</u>	<u>566,327</u>	<u>95,200</u>	<u>88,713</u>	<u>48,185</u>	<u>960,391</u>
Excess of revenues over (under) expenditures	293,208	(230,743)	(17,399)	(16,796)	(7,328)	20,942
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating transfers in	629	230,743	17,399	16,796	7,066	272,633
Operating transfers out	(272,004)	0	0	0	(629)	(272,633)
Net increase (decrease) in fund balances	21,833	0	0	0	(891)	20,942
<u>FUND BALANCE (DEFICIT)</u>						
Beginning of year	116,415	0	0	0	6,342	122,757
End of year	<u>\$ 138,248</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,451</u>	<u>\$ 143,699</u>

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

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

**XYZ Council on Aging
Baton Rouge, Louisiana**

For the year ended June 30, 2010

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$	20,942
<p>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 depreciation (\$42,739) exceeded capital outlays (\$0) this year.</p>		
		(42,739)
<p>Governmental funds report the amounts the Council expends as local "matching" funds on capital assistance grants, which results 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 amortization expense (\$6,827) exceeded intergovernmental expenditures (\$0) this year.</p>		
		<u>(6,827)</u>
Increase (Decrease) of Net Assets of Governmental Activities	\$	<u><u>(28,624)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS**XYZ Parish Council on Aging
Baton Rouge, Louisiana
June 30, 2010****Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of XYZ Parish Council on Aging (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 XYZ 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 XYZ Parish include congregate and home delivered meals, nutritional education, information and assistance, outreach, utility assistance, homemaker services, telephoning, personal care, wellness, medication management, family caregiver support, medic alert rentals, and transportation.

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.

XYZ Parish Council on Aging (the Council) is a legally separate, non-profit, quasi-public corporation. The Council incorporated under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes on September 22, 1980 and subsequently received its charter from the Governor of the State of Louisiana on October 3, 1980.

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:

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

b. Reporting Entity (Continued)

- Ten members shall be appointed by the XYZ Parish Government to represent the elderly population in their respective districts.
- Two members shall be appointed by agencies that serve the elderly (one from the Social Security Administration and one from the Department of Social Services or Department of Health and Human Resources.
- Three at-large members from throughout XYZ Parish shall be elected by the general membership at the Council's annual meeting.

Although the XYZ Parish Government (XYZPG) appoints a voting majority of the Council's board, the XYZPG does not intend to impose its will to affect the operations of the Council. Further, the XYZPG only provides the Council about 8% of its total annual revenues (not including any pass-through DOTD funds from FTA) and does not assume any specific financial burdens of the Council. As a result, the Council is not a component unit of the XYZ Parish Government.

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

Based on the criteria set forth in GASB Statement 14, *The 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 special-purpose, stand-alone 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 purpose are to 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. Intergovernmental revenues primarily 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 such as 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 restricted 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 provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted 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.

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)

Fund Financial Statements:

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

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.

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)

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.

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

The General Fund is the primary 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 or funding sources 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. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their 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 (GOEA). The Council's management may use these "Act 735" funds at its discretion to fund any of its programs provided the program is benefiting elderly people (those 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 in and with the community, the elderly person will come to a "senior center." The Council maintains five senior centers in XYZ Parish. During the year, management transferred all \$80,379 of its Senior Center (\$80,379) and Supplemental Senior Center (\$3,100) grant funds to the Title III B Fund to subsidize that program's cost of providing supportive social services to elderly persons who used the senior centers.

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 (\$1,097 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 \$20,372 and included as a component of full service expenditures in the General Fund.

Transportation Program Services - Non-elderly

The Council provides various transportation services to the residents of XYZ Parish who are not 60 years old for a fee. These program service fees and their related costs are accounted for within the "Nonelderly Transportation" program of the General Fund. In contrast, transportation services provided to residents who are at least 60 years old are accounted for in the "Elderly Transportation" program of the Title III B 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)

During the fiscal year, the primary 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. The Council gets reimbursed \$30 for each one way trip under the terms of the contract. In FY 2010 the Council provided 1,165 trips, which generated \$34,950 of program service fees.
- The Council transports people under age 60 who pay cash fares for the service. Passengers are charged a \$9 fee per one-way trip regardless of the length of the trip. These revenues and the related expenditures are accounted for in this program, which is referred to as "General Public Transportation". In FY 2010 this transportation service generated \$8,269 of program service fees.
- The Council transports people who need medical services and in this year the Council was paid by CPP Wound Care \$1,920 for such services.
- The Council also has a contract with the XYZ Parish Tourist Commission to transport people for a fee of \$25 per trip. In FY 2010, 10 trips were provided.

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)

Fundraisers

The Council held a special event fundraiser during the year for the purpose of raising additional unrestricted operating funds and to promote community awareness about the needs of the elderly population within XYZ Parish. The event, referred to as "Walk for Seniors," was held in conjunction with the Council's annual picnic in May 2010. Program participants and Council employees volunteer their time to solicit pledges from businesses and individuals of XYZ Parish. To "earn" the pledge, the participants walk distances within a designated area at the picnic. The proceeds raised (\$6,839) and the direct costs (\$1,956) to sponsor the event are being separately accounted for within the Council's general ledger in order to specifically track the results of the special event. The Council netted \$4,883 from this event.

A second fundraiser was held during the year by the Council's board of directors to raise more unrestricted revenue. This fundraiser was a dance and it raised \$1,510.

Senior Citizen Activities

The Council operates senior centers in _____, _____, _____, _____ and _____. _____ senior center was closed on April 1, 2010 due to the lack of participation. 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 craft sales, ceramic sales, soft drink sales, and recycling income. The revenues and related expenditures for each senior center's non-program activities are maintained in separate accounts within the Council's general ledger.

The Council has an art class for its seniors and this class was funded by a grant from the Arts Council of Greater Baton Rouge.

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 Council also held Senior Celebration Health Fair in April 2010 to bring health care providers, as well as other businesses that provide services to benefit the elderly, in contact with seniors in the parish. Exhibitor fees and donations received for this event were used to support this event and other senior citizen activities.

Medicaid Services

The Council provides services for which it is paid a fee by Medicaid. The services consist of completing enrollment applications for people wanting to apply for Medicaid services and insurance for children. The Council is paid \$14 per application it completes. During this fiscal year the Council completed 18 applications.

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 used to provide various types 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:

Type of Service Provided	Units
Information and Assistance	1,645
Outreach	100
Homemaker	3,188
Telephoning	12,058
Transportation for people age 60 or older	26,117
Utility assistance	226

There are four 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 (\$117,324).
- A grant from the Louisiana Department of Transportation and Development (DOTD) which is passed through the XYZ Parish Government (XYZPG) 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. The portion (\$207,329) of this grant that was used to pay for the rural transportation costs for elderly riders has been recorded as revenue in this fund.
- An annual grant of \$2,400 from the Town of ABC that is to be used to pay for the costs of transporting the elderly in that town.
- 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 accounts for funds used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout XYZ Parish. The Council maintains meal-sites in _____, _____, _____ (closed April 1, 2010), _____, _____, and _____. During the year the Council provided 35,371 meals to people eligible to participate in this program. The Council also provided 193 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 (\$53,700) and restricted, voluntary contributions from those persons who received congregate meals (\$24,081).

Title III C-2 Fund

The Title III C-2 Fund accounts for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council provided 62,933 home-delivered meals. The Council also provided 238 units of nutrition education under this program.

There were three 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 (\$51,416); intergovernmental funds from the City of Baton Rouge(\$9,963); and restricted, voluntary contributions from the public (\$10,538), including those persons actually receiving home-delivered meal 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)

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 6,941 units of wellness service and 193 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.

Title III E Fund

The Title III E Fund is used to account for funds that are used to provide support services for family caregivers and for grandparents or older individuals who are relative caregivers. During the year, the Council provided 9 units of information and assistance 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.

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. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds. During the year, the Council provided funds to 193 different people to assist them with paying their utility bills. The maximum amount of assistance a person can receive in one year is usually limited to \$300.

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)

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 XYZ Parish, Louisiana with special emphasis on rural communities and to increase public awareness and enrollment into the benefits available under LIS and MSP.

EFSP Fund

The EFSP Fund is used to account for the administration of the Emergency Food and Shelter National Board Program (EFSP), the purpose of which is to supplement food and shelter assistance to individuals. Funds are provided by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) to the United Way of America, which in turn "passes through" the funds to the Council. A local board working with XYZ Parish's local United Way agency assists XYZCOA in obtaining EFSP funds. During the fiscal year, EFSP funds were used to supplement the home delivered meals program.

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.

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

d. Measurement Focus and Basis of Accounting - (Continued)

• 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.

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.

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

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 \$18,747 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 for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

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.

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

h. Investments - (Continued)

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, 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.

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

i. Prepaid Expenses/Expenditures - (Continued)

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 purchased or acquired with an original cost of at least \$1,000 and 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:

Office equipment - other than computers	6 years
Vehicles	5 years
Computer equipment	5 years
Leasehold improvements	20 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.

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

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.

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. In contrast, the Council's sick leave policy allows an employee to carryover up to thirty days of sick leave. However, upon termination the employee is not paid for any unused sick leave. As a result, the Council has not accrued a liability for any unused annual or sick leave in the financial statements.

The Council's management has this policy to minimize the Council's exposure to a liability for which the Council may not have the funds to pay.

m. 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 any advances from funding agencies at year end.

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

n. Deferred Revenue

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 Fund Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenue at year end.

o. 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 have 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, it is the Council's policy is to use restricted resources first to finance its activities.

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

p. 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 as 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.

Management has classified fund balance for utility assistance as being restricted due to the constraints placed on the use of the money contributed by the general public and Entergy Corporation.

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

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

- **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.
- **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. The Council has an assigned fund balance of \$367 as of June 30, 2010, which represents the board of director's appropriation of resources necessary to eliminate a projected budget deficit for FY 2011.
- **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.

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

q. 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.

r. 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 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.

s. 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.

t. 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, 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 recorded as revenue in the period received.

Note 3 - Cash Management, Deposits and Investments

The Council maintains a consolidated operating bank account at ABC Bank (ABCB), which is available for use by all funds to deposit revenues and pay expenses. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. The Council also maintains another demand deposit account at ABC Bank to manage its EFSP funds.

The Council maintains a \$50 petty cash fund at its main office and at four of its senior centers to pay for small, unexpected expenses that might arise during daily operations.

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. Accordingly, the Council's management invested \$223 in the Louisiana Asset Management Pool (LAMP). This type of investment complies with state law and the Council's investment policy.

Note 3 - Cash Management, Deposits and Investments - (Continued)

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. 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 because the LAMP investment is not evidenced by securities that exist in physical or book entry form.

Note 3 - Cash Management, Deposits and Investments - (Continued)

However, LAMP issues an annual audited financial statement, in which the pool's custodial credit risks and investment policies are disclosed.

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. 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.

Cash is reported at its carrying value, which equals its fair value. At year-end, the combined carrying amount of the Council's cash on its books, including \$250 of petty cash, was \$22,506, whereas the related bank balances totaled \$56,415. The primary difference in these amounts relates to deposits made to and checks written on demand deposit accounts that have not yet cleared the bank accounts. At year-end, all of the bank balances were insured 100% by federal depository insurance.

<u>Cash & Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:					
ABC Bank	\$ 22,033	\$ 22,033	None	Demand	Category 1
Petty Cash	250	250	None	N/A	None
Total Cash	<u>22,283</u>	<u>22,283</u>			
Investments:					
LAMP	223	223	0.56%	Demand	Not Required
Total Investments	<u>223</u>	<u>223</u>			
Total Cash & Investments	<u>\$ 22,506</u>	<u>\$ 22,506</u>			
Unrestricted Purpose	\$ 3,759				
Restricted Purpose:					
Senior Citizen Activities	13,296				
Utility Assistance	5,451				
Total Cash & Investments	<u>\$ 22,506</u>				

As illustrated in the above table, some of the Council's cash and investments are restricted assets for presentation in the Statement of Net Assets. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose.

Note 4 - Prepaid Expenditures and Expenses

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

Utility assistance	\$	448
Prepaid insurance		4,057
Other prepaid expenditures		<u>254</u>
Total prepaid expenses	\$	<u><u>4,759</u></u>

At year-end, prepaid expenses in the Statement of Net Assets consisted of the following:

	Current Portion	Noncurrent Portion
Utility assistance	\$ 448	\$ 0
Prepaid insurance	4,057	0
Other prepaid expenses	254	0
Vehicle usage	<u>6,828</u>	<u>7,150</u>
Total prepaid expenses	<u><u>\$ 11,587</u></u>	<u><u>\$ 7,150</u></u>

The current portion of prepaid expenses represents the amount that management expects the Council to consume and economically benefit from in the next fiscal year. The noncurrent portion represents the amount that will be amortized in future years based on an agreement the Council has in effect with the XYZ Parish Government.

The difference between prepaid expenditures and prepaid expenses arises from transactions wherein the Council put up \$40,754 of "matching funds" under capital assistance grants the XYZ Parish Government (XYZPG) entered into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles the Council will use to provide public transportation to the general public of XYZ Parish. The vehicles are titled in the name of the XYZPG, but the Council uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the Council expended for the grant matches were first recorded as deposits in its Fund Balance Sheet when the funds were remitted to DOTD. Upon delivery of the vehicles to the COA, the deposits were reversed as intergovernmental expenditures in the Council's fund financial statements. However, in the government-wide financial statements, the deposits have been reclassified as prepaid expenses and are being amortized over the estimated useful lives of the vehicles (60 months). The Council's management believes presenting the van matches transactions in this manner in the government-wide financial statements will best present

Note 4 - Prepaid Expenditures and Expenses - (Continued)

the economics of this type of transaction. No written lease exists between the XYZPG and the Council that sets forth the terms of the agreement to use the XYZPG's vehicles. However, this type of cooperative agreement to provide public transportation to the residents of XYZ Parish has been used for many years.

Note 5 - Changes in Capital Assets and Accumulated Depreciation

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

Capital Assets Being Depreciated	Balance June 30, 2009	Additions	Decreases	Balance June 30, 2010
Vehicles	\$ 313,070	\$ 0	\$ 0	\$ 313,070
Office furniture and equipment	11,393	0	0	11,393
Nutrition equipment	1,025	0	0	1,025
Leasehold improvements	23,764	0	0	23,764
Total Capital Assets	349,252	0	0	349,252
Less Accumulated Depreciation:				
Vehicles	189,990	39,659	0	229,649
Office furniture and equipment	5,670	1,789	0	7,459
Nutrition equipment	103	102	0	205
Leasehold improvements	12,452	1,189	0	13,641
Total Accumulated Depreciation	208,215	42,739	0	250,954
Capital Assets Net of Depreciation	\$ 141,037	\$ (42,739)	\$ 0	\$ 98,298

None of the above amounts includes any donated asset.

All the Council's vehicles are operational at year end. The Council's management has reviewed capital assets and does not believe any capital asset has been impaired as of year-end.

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

Depreciation was charged to governmental activities as follows:

Administration	\$	6,172
Supportive Services:		
Transportation of the elderly		29,132
Nutrition Services:		
Congregate meals		102
Home delivered meals		2,789
Transportation - non elderly		4,544
Total depreciation expense for governmental activities	\$	42,739

The \$6,172 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 other depreciation amounts (\$36,567) are charged as direct expenses to their related functions on the Statement of Activities.

Note 6 - Fund Balances - Fund Financial Statements

At year-end, one special revenue fund had remaining fund balance of \$5,451 of which \$448 was classified as nonspendable (prepaid) and \$5,003 was classified as restricted. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to these policies as described in the next paragraph.

The Council has \$4,651 of utility assistance contributions and \$800 of Entergy weatherization contributions for home repairs that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within

Note 6 - Fund Balances - Fund Financial Statements - (Continued)

the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

In addition to the restricted funds in the special revenue funds, the General Fund has \$13,296 of restricted funds that were donated by the general public to be used specifically for senior citizen activities at their respective locations.

Note 7 - 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 in-kind contributions that the Council received during the year consisted primarily of (1) free rent and utilities relating to the use of facilities in _____, _____, _____, _____, _____, _____, and _____, (2) the use of five vehicles owned by the XYZ Parish Government, and (3) discounts on the fuel purchased from its gasoline supplier. Management has compiled a summary of the types of in-kind contributions received by the Council this year using information furnished by the donors, which is as follows:

Facility rental	\$ 108,400
Utilities for facilities	17,481
Janitorial and maintenance services	10,201
Insurance	6,305
Telephone	700
Van usage	27,290
Fuel discounts	9,032
Total estimated in-kind contributions	\$ 179,409

Note 7 - In-Kind Contributions - (Continued)

If these in-kind contributions had been recorded in the Statement of Activities their allocation would have been as follows: \$123,887 Senior Citizens Center Operations; \$2,129 Nutrition Services - congregate meals; \$4,174 Nutrition Services - home-delivered meals; \$37,814 elderly transportation; \$8,482 non-elderly transportation; \$14 Family Caregiver Support; \$129 Disease Prevention and Health Promotion; and \$2,780 Supportive Services - non-transportation programs.

Note 8 - 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 9 - 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 10 - Lease and Rental Commitments

On October 28, 1999 the Louisiana State Board of Elementary and Secondary Education (BESE) approved a 20-year lease between it and the Council for the Hammond senior center building. The Council has the option to renew this lease for four consecutive additional terms of five years each provided the Council has maintained the building and submitted its request to renew in writing to BESE at least sixty days before the end of the lease term. The Council is responsible for all interior and exterior repairs, utilities, and must maintain a minimum of \$1,000,000 of liability insurance coverage on the property. BESE is responsible for obtaining the property insurance and paying the premium on the facility. There is no rent owed by the Council to BESE for the use of the building.

Note 11 - Judgments, Claims, and Similar Contingencies

As of the end of this fiscal year, the Council's management has no knowledge of any pending litigation, lawsuits, or claims against the Council, except as described in the next paragraph. Furthermore, the Council's management believes that any unexpected lawsuits or claims that might be filed against the Council would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

During the year a workman's compensation auditor changed the classification codes used by the Council's workman's compensation insurance carrier, which caused the premiums for each employee to increase effective November 1, 2009. Management believes the classification changes made by the auditor are not correct because they do not accurately represent the nature of the work performed by the Council's employees and are not similar to the classification codes used by other workman's compensation carriers and councils on aging throughout Louisiana. As a result, management is disputing the additional charges being proposed by the insurance company for the period November 1, 2009 through June 30, 2010. No amounts have been accrued in these financial statements for the proposed increases in premium, which is about \$4,300. Management intends to appeal the charges but cannot predict the outcome of the appeal at this time.

Note 12 - 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 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 13 - Economic Dependency

The Council receives the majority of its revenue from other governments in the form of intergovernmental revenues. Intergovernmental type revenues are appropriated each year by the federal, state, and local governments. If significant budget cuts are made at the federal, state and/or local level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in fiscal year 2010 relating to its usual sources of intergovernmental revenues.

Note 14 - 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, with deductibles ranging from \$1,000 to \$2,500, 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.

Note 15 - Retirement Plan

The Council offers its employees a means to defer compensation through a tax-sheltered group annuity underwritten by AIM and administered by the Council. This retirement plan has been established in accordance with Section 403(b) of the Internal Revenue Code. All of the Council's employees are eligible to participate in the plan; however, participation is not mandatory. Elective deferrals by the Council's employees are made through salary reduction agreements with the Council. The maximum amount an employee may contribute by way of salary deferral is \$16,500 per year (\$22,000 for employees age 50 or older), or the employee's maximum exclusion allowance, whichever is less. The maximum exclusion allowance differs from one person to another or even from year to year and is dependent upon several factors. All amounts contributed to the plan are non-forfeitable thereby making them 100% vested by the employees. Earnings within the annuity contracts accumulate tax-free.

Note 15 - Retirement Plan - (Continued)

During the fiscal year, there was \$900 of contributions to the plan via employee salary deferrals. The Council contributed no matching amounts. The Plan does not meet the definition of a fiduciary plan; accordingly, the Council has not reported any amounts in these financial statements.

Note 16 - On-Behalf Payments of Fringe Benefits

The XYZ Parish Government (XYZPG) directly pays a portion of the health insurance premiums for some of the Council on Aging's administrative employees. The total amount paid by the TPG for fiscal year 2010 was \$22,769, which has been included with fringe benefit expenditures in these financial statements. An equal amount has been added to intergovernmental revenues as an offset to the expenditure amount.

Note 17 - 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:

	Receivable From	Payable To
General Fund:		
Major Funds:		
Title III B	\$ 87,159	\$ 0
Title III C-1	7,037	0
Nonmajor Funds:		
Title III D	679	0
Title III E	150	0
Totals for the General Fund	\$ 95,025	\$ 0
Special Revenue Funds:		
Major Funds:		
Title III B:		
General Fund	\$ 0	\$ 87,159
Title III C-1:		
General Fund	0	7,037
Nonmajor Funds in the aggregate:		
General Fund	0	829
Totals for Special Revenue Funds	\$ 0	\$ 95,025
Totals for All Funds	\$ 95,025	\$ 95,025

Note 18 - 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	\$ 230,743
Title III C-1 Fund	0	17,399
Title III C-2 Fund	0	16,796
Nonmajor Funds:		
Title III D	34	0
Title III E	595	0
Utility Assistance	0	7,066
Total General Fund	629	272,004
Title III B - Fund:		
General Fund - various funds	\$ 109,764	\$ 0
General Fund - PCOA grant	37,500	
General Fund - Senior Center grant	80,379	
General Fund - Supple. Senior Center grant	3,100	0
Total Title III B Fund	230,743	0
Title III C-1 Fund:		
General Fund	\$ 17,399	\$ 0
Total Title III C-1 Fund	17,399	0
Title III C-2 - Fund:		
General Fund	\$ 16,796	\$ 0
Total Title III C-2 Fund	16,796	0
Nonmajor Funds in the Aggregate:		
General Fund	\$ 7,066	\$ 629
Total for Nonmajor Funds	7,066	629
Grand Totals	\$ 272,633	\$ 272,633

Note 18 - Interfund Transfers - (Continued)

Transfers are used (a) to 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) to 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 19 - Related Party Transactions

There were no related party transactions during the fiscal year.

Note 20 - Subsequent Events

Management has evaluated subsequent events through December 15, 2010 which is the date the financial statements were available to be issued. There were no events that required disclosure.

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED
BY GASB STATEMENT 34**

Budgetary Comparison Schedule - General Fund

**XYZ Council on Aging
Baton Rouge, Louisiana**

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
PCOA	\$ 37,500	\$ 37,500	\$ 37,500	\$ 0
PCOA Special	10,000	0	0	0
Senior Center	80,379	80,379	80,379	0
Supplemental Senior Center	3,100	3,100	3,100	0
Capital Area Agency on Aging (CAAA) - Audit	1,610	1,097	1,097	0
XYZ Parish Government:				
Annual Award	60,000	60,000	60,000	0
On-behalf Payments for Health Insurance	0	0	22,769	22,769
Section 5311 Pass-through Grant	64,003	64,003	56,078	(7,925)
City of Baton Rouge	42,500	42,500	42,500	0
Public Support	70,206	90,343	95,953	5,610
Program Service Fees	25,900	40,582	54,476	13,894
Interest Income	1,025	800	1,014	214
Miscellaneous	7,000	0	308	308
Total Revenues	403,223	420,304	455,174	34,870
EXPENDITURES				
Current:				
Personnel	76,146	90,200	74,010	16,190
Fringe	11,536	11,534	10,084	1,450
Travel	730	664	698	(34)
Operating Services	16,423	24,647	19,404	5,243
Operating Supplies	21,572	23,330	21,280	2,050
Other Costs	2,350	2,152	8,406	(6,254)
Full Service Contracts:				
Art Instructor	8,040	8,040	7,712	328
Audit Fees	18,000	18,000	20,372	(2,372)
Intergovernmental	0	0	0	0
Total Expenditures	154,797	178,567	161,966	16,601
Excess of revenues over expenditures	248,426	241,737	293,208	51,471
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	629	629
Transfers out	(296,034)	(241,737)	(272,004)	(30,267)
Total other financing sources and uses	(296,034)	(241,737)	(271,375)	(29,638)
Net increase (decrease) in fund balance	\$ (47,608)	\$ 0	21,833	\$ 21,833
FUND BALANCE				
Beginning of year			116,415	
End of year			\$ 138,248	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**XYZ Council on Aging
Baton Rouge, Louisiana**

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging (CAAA)	\$ 117,324	\$ 117,324	\$ 117,324	\$ 0
XYZ Parish Government - Section 5311	191,304	191,304	207,329	16,025
Town of	2,400	2,400	2,400	0
Public Support	8,300	8,300	8,531	231
Total Revenues	319,328	319,328	335,584	16,256
EXPENDITURES				
Current:				
Personnel	348,242	341,993	360,063	(18,070)
Fringe	40,687	38,129	48,883	(10,754)
Travel	10,518	9,561	10,144	(583)
Operating Services	73,326	77,164	75,181	1,983
Operating Supplies	62,840	57,277	68,129	(10,852)
Other Costs	6,945	3,739	3,927	(188)
Full Service Contracts	0	0	0	0
Total Expenditures	542,558	527,863	566,327	(38,464)
Excess of expenditures over revenues	(223,230)	(208,535)	(230,743)	(22,208)
OTHER FINANCING SOURCES (USES)				
Transfers in	223,230	208,535	230,743	22,208
Transfers out	0	0	0	0
Total other financing sources and uses	223,230	208,535	230,743	22,208
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-1 Fund

**XYZ Council on Aging
Baton Rouge, Louisiana**

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging (CAAA)	\$ 53,700	\$ 53,700	\$ 53,700	\$ 0
Public Support	23,000	24,000	24,081	81
Miscellaneous	0	0	20	20
Total Revenues	76,700	77,700	77,801	101
EXPENDITURES				
Current:				
Personnel	90,810	80,341	78,712	1,629
Fringe	9,040	7,798	10,107	(2,309)
Travel	504	463	636	(173)
Operating Services	4,197	3,584	3,314	270
Operating Supplies	2,592	2,068	2,252	(184)
Other Costs	240	42	179	(137)
Full Service Contracts	0	0	0	0
Total Expenditures	107,383	94,296	95,200	(904)
Excess of expenditures over revenues	(30,683)	(16,596)	(17,399)	(803)
OTHER FINANCING SOURCES (USES)				
Transfers in	30,683	16,596	17,399	803
Transfers out	0	0	0	0
Total other financing sources and uses	30,683	16,596	17,399	803
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

**XYZ Council on Aging
Baton Rouge, Louisiana**

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging (CAAA)	\$ 77,303	\$ 51,416	\$ 51,416	\$ 0
City of XYZ	10,250	10,250	9,963	(287)
Public Support	7,800	7,800	10,538	2,738
Miscellaneous	0	0	0	0
Total Revenues	95,353	69,466	71,917	2,451
EXPENDITURES				
Current:				
Personnel	47,910	48,514	47,590	924
Fringe	6,550	6,348	6,358	(10)
Travel	915	1,729	1,461	268
Operating Services	6,411	8,973	7,810	1,163
Operating Supplies	5,144	4,293	4,677	(384)
Other Costs	150	31	111	(80)
Full Service Contracts	0	0	0	0
Meals	70,133	15,320	20,706	(5,386)
Total Expenditures	137,213	85,208	88,713	(3,505)
Excess of expenditures over revenues	(41,860)	(15,742)	(16,796)	(1,054)
OTHER FINANCING SOURCES (USES)				
Transfers in	41,860	15,742	16,796	1,054
Transfers out	0	0	0	0
Total other financing sources and uses	41,860	15,742	16,796	1,054
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

XYZ PARISH COUNCIL ON AGING BATON ROUGE, 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.
- 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.
- The adopted budget is forwarded to CAAA for compliance approval for the funds it will pass-through to the Council from GOEA.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- 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 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 a federal matching program. 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 the board of directors amended the budget once; that action taking place on May 19, 2010.
- 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.
- 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

NOTE 2 - GENERAL FUND'S BUDGETED OPERATING DEFICIT

Management budgeted an operating deficit in the Council's General Fund this year because (1) management did not want to cut services in the Council's primary programs and (2) management budgets for unexpected occurrences as a matter of conservative financial policy. Management was able to budget the operating deficit because the Council had enough unassigned fund balance to cover the deficit.

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

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

**XYZ Council on Aging
Baton Rouge, Louisiana
For the year ended June 30, 2010**

	<u>Title III D</u>	<u>Title III E</u>	<u>Utility Assistance</u>	<u>MIPPA</u>	<u>EFSP</u>	<u>Totals</u>
<u>REVENUES</u>						
Intergovernmental:						
Capital Area Agency on Aging (CAAA)	\$ 5,841	\$ 1,200	\$ 0	\$ 0	\$ 0	\$ 7,041
Governor's Office of Elderly Affairs	0	0	0	2,242	0	2,242
United Way of America	0	0	0	0	16,518	16,518
Public Support (Restricted):						
Entergy - utility assistance via CAAA	0	0	10,038	0	0	10,038
Entergy - weatherization grant	0	0	800	0	0	800
Parish Electric	0	0	1,418	0	0	1,418
Boudreaux Memorial Fund	0	0	2,500	0	0	2,500
Other sources	0	0	300	0	0	300
Total revenues	<u>5,841</u>	<u>1,200</u>	<u>15,056</u>	<u>2,242</u>	<u>16,518</u>	<u>40,857</u>
<u>EXPENDITURES</u>						
Health, Welfare, & Social Services:						
Current:						
Personnel	4,825	449	0	149	0	5,423
Fringe	619	59	0	0	0	678
Travel	74	67	0	0	0	141
Operating Services	202	21	0	897	0	1,120
Operating Supplies	80	8	0	1,196	0	1,284
Other Costs	7	1	0	0	0	8
Meals	0	0	0	0	16,518	16,518
Full Service Contracts	0	0	0	0	0	0
Utility Assistance	0	0	23,013	0	0	23,013
Capital Outlay	0	0	0	0	0	0
Total expenditures	<u>5,807</u>	<u>605</u>	<u>23,013</u>	<u>2,242</u>	<u>16,518</u>	<u>48,185</u>
Excess of revenues over (under) expenditures	34	595	(7,957)	0	0	(7,328)
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating transfers in	0	0	7,066	0	0	7,066
Operating transfers out	(34)	(595)	0	0	0	(629)
Net increase (decrease) in fund balances	0	0	(891)	0	0	(891)
<u>FUND BALANCE (DEFICIT)</u>						
Beginning of year	0	0	6,342	0	0	6,342
End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,451</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,451</u>

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

**XYZ Council on Aging
Baton Rouge, Louisiana**

For the year ended June 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<u>Capital Assets</u>				
Vehicles	\$ 313,070	\$ 0	0	\$ 313,070
Office furniture and equipment	9,009	0	0	9,009
Computer equipment	2,384	0	0	2,384
Nutrition equipment	1,025	0	0	1,025
Leasehold improvements	23,764	0	0	23,764
Total capital assets	<u>\$ 349,252</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 349,252</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
Local funds and donations	\$ 124,652	\$ 0	0	\$ 124,652
FTA	220,562	0	0	220,562
Title III B	2,696	0	0	2,696
Title III C-1	706	0	0	706
Title III C-2	514	0	0	514
Senior Center	122	0	0	122
Total investment in capital assets	<u>\$ 349,252</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 349,252</u>

AUDITOR LETTERHEAD

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,
XYZ Parish Council on Aging
Baton Rouge, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of XYZ Parish Council on Aging, Inc., Baton Rouge, 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 15, 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 15, 2010.

John Doe, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

XYZ Parish Council on Aging
Baton Rouge, Louisiana

For the Year Ended June 30, 2010

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? None reported

Noncompliance material to the financial statements identified? No

Federal Awards:

This section is not applicable because federal award expenditures were less than \$500,000 and a single audit was not required.

Identification of Major Programs

This section is not applicable because federal award expenditures were less than \$500,000 and a single audit was not required.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
XYZ Parish Council on Aging
Baton Rouge, Louisiana

For the year ended June 30, 2010

FINANCIAL STATEMENT FINDINGS

In last year's audit the auditor reported finding 2009-1 as a material weakness and findings 2009-2 and 2009-3 as significant deficiencies in internal control. The auditor did not report any compliance deficiencies. Brief descriptions of each finding and their respective corrective actions have been presented below.

Finding 2009-1: Prior Year Findings Have Not Been Fully Corrected

The auditor stated that three prior year findings had not been fully corrected and he repeated them again citing them as a material weakness in internal control because management had failed to fully correct them. A summary of the three uncorrected findings is as follows:

- Finding 2008-1: Indirect and Transportation Cost Allocations Are Not Being Double Checked
- Finding 2008-2: Classification of Revenues is Not Always Reviewed and Documented – (Also reported as Finding 2007-1)
- Finding 2008-4: Supervisory Approvals Are Not Always Fully Documented – (Also reported as Finding 2007-4)

Auditor's Recommendations from Last Year's Audit: The auditor recommended the Council's executive director become more involved and diligent in reviewing cost allocations, revenue classifications, and documenting her reviews and approvals.

Management's Planned Corrective Action Reported in Last Year's Audit: Management is committed to making sure any components of the findings that were not corrected get corrected in FY 2010. The Executive Director has spoken with the auditor in an effort to get better educated on the process. She will begin to initial documents submitted to her for review and also note the dates she makes her reviews on them. The bookkeeper's cost allocation worksheets, especially those prepared during the year end closing of the books, will be double checked by someone other than the bookkeeper. The person performing the review will note her initials and dates reviewed. When performing the reviews, if questions arise as to how to do the review properly, the reviewer will consult with a higher level of management or call the auditor for technical advice.

Current Status: Corrected. The executive director got more involved in the areas where the auditor mentioned deficiencies to ensure they were corrected.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
(Continued)

Finding 2009-2: The Budget Preparation and Approval Process did not function as Designed

The FY 2009 budget was submitted to the Board of Directors on April 17, 2009 for approval without having been presented first to the finance committee for review and discussion. In addition, the Council's management continued to make changes to the budget after it was approved at the April 17th board meeting and submitted the budget to Capital Area Agency without having the Board review and approve a final version. The changes made after Board approval were not material, but could have been and the Board not have been informed.

Auditor's Recommendations from Last Year's Audit: To make sure there is adequate time to work on the budget, a board meeting should be scheduled after May 15th to allow time for the process to be followed as prescribed. The finance committee should always review a copy of the proposed budget and the chairman of this committee should present the budget to the board for approval. The budget that is approved should be documented and not changed unless an amendment process is followed that parallels the process used to approve the original budget. The finance committee should retain a copy of the final, approved budget and any amendments as a means to document what was approved in case changes are made without its knowledge.

Management's Planned Corrective Action Reported in Last Year's Audit: Management will follow auditor's recommendations and schedule a board meeting in late May to afford management and the finance committee plenty of time to submit a complete and final budget to the board of directors for its approval. A copy of the approved budget will be kept on file so that any unapproved changes can be detected. Any amendments to the originally approved budget will follow the same process as the approval process used for the original budget.

Current Status: Corrected. The auditor's recommendations were followed to ensure the budget review and approval process was done correctly.

Finding 2009-3: Some Procedures Governing Congregate Meals Were Not Followed as Prescribed at One Location

The Governor's Office of Elderly Affairs and Capital Area Agency on Aging (CAAA) have established procedures governing the serving and management of congregate meals. The auditor noted the Council was not following some of these procedures at its _____ meal site.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
(Continued)**

Management's Planned Corrective Action Reported in Last Year's Audit:

Executive Director will contact Capital Area Agency on Aging to revisit the congregate meal procedures as they relate to the areas mentioned by the auditor and then she will hold training to ensure the procedures are properly communicated to meal site workers. Follow up visits will be made at various intervals to ascertain compliance with the policies and procedures.

Current Status: Corrected. The _____ site was eventually closed. There were no other similar occurrences at the Council's other meal sites this year.

MANAGEMENT'S CORRECTIVE ACTION PLAN

**XYZ Parish Council on Aging
Baton Rouge, Louisiana**

For the year ended June 30, 2010

To the following oversight agencies for audit:

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

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

XYZ Parish Council on Aging, Baton Rouge, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2010.

Name and address of independent public accounting firm: John Doe, CPA, 123 Main Street, Baton Rouge, Louisiana, 70800.

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 Jane Thibodeaux, the Council's Executive Director, at (225)777-0000.

SECTION C

SAMPLE REPORT FOR A COA SUBJECT TO A REVIEW/ATTESTATION

FINANCIAL REPORT

**XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana**

June 30, 2010

TABLE OF CONTENTS

Financial Report

XYZ Parish Council on Aging, Inc.
Baton Rouge, Louisiana

June 30, 2010

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
BASIC FINANCIAL STATEMENTS:	
A. GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
• EXHIBIT A - Statement of Net Assets	16
• EXHIBIT B - Statement of Activities	17
B. FUND FINANCIAL STATEMENTS:	
• EXHIBIT C - Fund Balance Sheet - Governmental Funds	19
• EXHIBIT D - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
• EXHIBIT E - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
C. EXHIBIT F - NOTES TO THE FINANCIAL STATEMENTS	22
SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT 34:	
• Budgetary Comparison Schedule - General Fund	54
• Budgetary Comparison Schedule - Title III B Fund	55

- **Budgetary Comparison Schedule - Title III C-1 Fund** 56
- **Budgetary Comparison Schedule - Title III C-2 Fund** 57
- **Notes to Required Supplementary Information** 58

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE GOVERNOR’S OFFICE OF ELDERLY AFFAIRS (GOEA):

- **Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds** 62
- **Comparative Schedule of Capital Assets and Changes in Capital Assets** 63

INDEPENDENT ACCOUNTANT’S ATTESTATION REPORT 64

LOUISIANA ATTESTATION QUESTIONNAIRE 69

Accountants' Letterhead

Independent Accountant's Review Report

To the Board of Directors of XYZ Parish Council on Aging, Inc.
Baton Rouge, LA

We have reviewed the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the XYZ Parish Council on Aging, Inc., Baton Rouge, Louisiana, (the Council) as of and for the year ended June 30, 20XX, which collectively comprise the Council's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Council's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The Council's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with the Statements on Standards for Accounting and review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages X to Y and the budgetary comparison information on pages A to Z are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. In addition, 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 as supplementary information required by the Governor's Office of Elderly Affairs and are also not a required part of the basic financial statements. Such information has not been subjected to the inquiry and analytical procedures we applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated December X, 20XX, on the results of our agreed-upon procedures.

Baton Rouge, Louisiana
December X, 20XX

John Doe, CPA

MANAGEMENT'S DISCUSSION AND ANALYSIS

XYZ Parish Council on Aging, Inc.

The following discussion and analysis of the XYZ Parish Council on 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 a decrease in overall net assets of \$10,105, or about 10% this year.
- Net capital assets of the Council increased by \$788, or about 5%.
- The Council's fund revenues increased by \$73,231, or about 31%.
- Fund expenditures increased by \$123,520, or 63%.
- The unassigned fund balance for the Council's General Fund was \$55,551, at year-end, which is a \$8,989, or 14%, 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 \$58,367.
- The Council did not have any long-term liabilities.
- Administrative expenses increased this year by \$15,027, which is a 19% increase 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, and
- (5) Independent Accountant's review and attestation reports.

Government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. 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, fund financial statements, for governmental activities, tell how services were financed in the short-term as well as what remains for future spending. 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
XYZ Parish Council on Aging, Inc.
(Continued)

The accountants have stated in their independent accountants' review report, located immediately before this Management's Discussion and Analysis (MD&A), that they are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America. The accountants have also stated in their review report that the supplementary schedules required by the Governmental Accounting Standards Board (GASB) and the Governor's Office of Elderly Affairs (GOEA), which follow later in this reporting package, have not been subjected to the inquiry and analytical procedures they applied in the review of the basic financial statements, but were compiled from information that was the representation of management, without audit or review. Accordingly, they do not express an opinion or any other form of assurance on the supplementary information.

In addition, the independent accountants' have performed certain agreed-upon procedures enumerated by the Louisiana Legislative Auditor and the results of those procedures have been set forth in the accountants' report later in this reporting package. A special questionnaire has been completed by the Council's management and given to the accountants' for their use in performing the agreed-upon procedures. A copy of that questionnaire follows the accountants' report.

A user of this document should read both of the accountants' reports carefully to ascertain the level of assurance being provided for the information contained within this reporting package.

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements, fund financial statements, and the notes to the financial statements.

Government-Wide Financial Statements

Management's analysis of the Council as a whole begins on page 6. An important point to consider is whether or not the Council's finances, as a whole, are better or worse off as a result of this year's activities. The Statement of Net Assets and the Statement of Activities (referred to collectively as the government-wide financial statements) reports information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging, Inc.
(Continued)

The government-wide financial statements report the Council's net assets and changes in them. The Council has restricted net assets of \$4,871, which must be used for specific purposes, whereas \$69,613 of its net assets are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Assets is designed to present the financial position of the council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other 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 Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future 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 is comprised of various programs that include supportive social services, nutritional services, disease prevention and health promotion, family caregiver support, and Medicare outreach and enrollment. 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.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Council as a whole entity. In the fund financial statements, the reader will see a General Fund and three Special Revenue Funds that have been determined to be "Major Funds", and a column for the total of all remaining Special Revenue Funds, which are considered to be "Nonmajor Funds." 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 that are restricted or committed to expenditure for specified purposes other than

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging, Inc.
(Continued)

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.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified* accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future for Council programs. The difference between net assets of governmental activities and fund balances of the governmental funds is reconciled at the bottom of the Balance Sheet for governmental funds. In addition, the difference between the change in fund balances for the governmental funds and the change in net assets for the governmental activities has been reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

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 follow the fund financial statements 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
XYZ Parish Council on Aging, Inc.
(Continued)

Major funds are those funds 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 is believed to be important to present to the Council's financial statement users. Management did not subjectively elevate any nonmajor fund to major fund status for purposes of financial statement presentation this year.

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. 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.

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:

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Current and Other Assets:			
Current Assets	\$ 137,694	\$ 111,076	\$ 26,618
Capital Assets, net of depreciation	17,403	16,615	788
Total Assets	<u>155,097</u>	<u>127,691</u>	<u>27,406</u>
Current Liabilities	<u>63,210</u>	<u>25,699</u>	<u>37,511</u>
Total Liabilities	<u>63,210</u>	<u>25,699</u>	<u>37,511</u>
Net Assets:			
Invested in Capital Assets	17,403	16,615	788
Restricted	4,871	8,995	(4,124)
Unrestricted	69,613	76,382	(6,769)
Total Net Assets	<u>\$ 91,887</u>	<u>\$ 101,992</u>	<u>\$ (10,105)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging, Inc.
(Continued)

As of June 30, 2010 and 2009, the Council "as a whole" had assets greater than its liabilities of \$91,887 and \$101,992, respectively. About 76% and 75% 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 5% and 9% 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
XYZ Parish Council on Aging, Inc.
(Continued)

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

<u>Revenues</u>	<u>2010</u>	<u>% of Total</u>	<u>2009</u>	<u>% of Total</u>
Program Revenues:				
Operating Grants and Contributions	\$ 86,651	28.19%	\$ 82,784	35.15%
Capital Grants and Contributions	3,500	0.00%	0	0.00%
General Revenues:				
Property Taxes	136,178	44.30%	0	0.00%
Unrestricted Grants and Contributions	80,621	26.23%	152,346	64.68%
Interest Income	446	0.15%	404	0.17%
Total Revenues	307,396	100.00%	235,534	100.00%
Direct Program Expenses of the Health, Welfare, and Social Services Function:				
Supportive Services:				
Priority Services:				
Transportation of the elderly	29,040	9.15%	16,197	8.31%
Other supportive services	29,197	9.20%	22,983	11.79%
Nutrition Services:				
Congregate Meals	54,012	17.01%	35,020	17.97%
Home-delivered Meals	108,700	34.24%	41,698	21.39%
Other Health, Welfare & Social Services	2,970	0.94%	468	0.24%
Direct Administrative Expenses	93,582	29.47%	78,555	40.30%
Total Expenses	317,501	100.00%	194,921	100.00%
Increase (Decrease) in Net Assets	(10,105)		40,613	
Net assets, beginning of year	101,992		61,379	
Net assets, end of year	\$ 91,887		\$ 101,992	

For fiscal year 2010, the Council's total revenues increased \$71,862 or 31% from fiscal year 2009, whereas total expenses for 2010 increased by \$122,580 or 63% from 2009. The main reason for the increases is because in 2010 the Council began to receive property tax revenues and, as a result, it expanded services to meet service demands in the parish.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging, Inc.
(Continued)

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

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 XYZ Parish and to provide transportation for Parish residents. There is a high demand for these services; therefore, resources are channeled to meet the demand.

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 \$93,582 or 29% of total expenses, whereas these same expenses were \$78,555 or 40% of total expenses in 2009.

Note that most of the governmental activities have more expenses than revenues. This is expected and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. There are, however, some governmental activities that do have revenues in excess of expenditures. These activities are discussed below.

The Council's grants from Capital Area Agency on Aging (CAAA) are paid based on a contract amount per unit of service provided, up to a maximum number of units, for specified program activities. The Council was able to provide the required units of Telephoning and Family Caregiver Support at a cost that was less than their contracted reimbursement amounts. The net revenues in these programs were used to help offset the net expenses in other programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging, Inc.
(Continued)

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

Fund Balances

The Council showed a combined governmental fund balance of \$74,484 (as shown on the Fund Financial Statement's Balance Sheet) at the end of this year, which is a decrease of \$10,893 from the prior year. The General Fund decreased by \$6,769 this year, and the combined fund balances of the Special Revenue Funds decreased by \$4,124.

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.

Revenues

The combined fund revenues increased \$73,231 this year versus last year, as shown in the table below.

	2010	2009	Increase/ (Decrease)	
			Amount	Percent
Property Taxes	\$ 141,048	\$ 0	\$ 141,048	N/A
Intergovernmental	145,893	216,434	(70,541)	-32.59%
Public Support	21,379	18,697	2,682	14.34%
Interest Income	446	404	42	10.40%
Total Revenues	\$ 308,766	\$ 235,535	\$ 73,231	31.09%

This year the Council received property tax revenue which accounted for 46% of its total revenues, while in previous years, most of the Council's activities were funded by federal, state, and local grants. These grants, which comprise the Council's intergovernmental revenues, amounted to approximately 47% and 92% of the Council's total revenues in 2010 and 2009, respectively. Most of these grants are restricted, which means the money can only be used in certain programs. The amount of annual funding from the grants the Council receives remains rather constant from year to year; however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging, Inc.
(Continued)

The \$70,541 net decrease in intergovernmental revenue in 2010 was primarily the result of the Council not receiving \$50,000 from XYZ Parish's Police Jury, while receiving \$18,546 less from GOEA and \$1,995 less from CAAA. The decrease in GOEA intergovernmental revenue was because the Council received less PCOA funding in FY 2010 than in FY 2009.

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 revenues represented 7% and 8% of the Council's total revenues for fiscal years 2010 and 2009, respectively. Public support comes from donations from the general public and client contributions. Client contributions increased in FY 2010 since the Council began to receive property tax revenues and expanded services to meet demands in the parish.

Expenditures

Total expenditures increased by \$123,520 this year, as shown in the table below.

	2010	2009	Increase/(Decrease)	
			Amount	Percent
Personnel	\$ 127,631	\$ 100,254	\$ 27,377	27.31%
Fringe	15,526	11,360	4,166	36.67%
Travel	5,495	3,882	1,613	41.55%
Operating Services	48,863	26,830	22,033	82.12%
Operating Supplies	18,094	12,621	5,473	43.36%
Other Costs	7,223	8,812	(1,589)	-18.03%
Meals	80,656	20,115	60,541	300.97%
Utility Assistance	7,935	6,275	1,660	26.45%
Capital Outlay	3,366	5,990	(2,624)	-43.81%
Intergovernmental	4,870	0	4,870	N/A
	<u>\$ 319,659</u>	<u>\$ 196,139</u>	<u>\$ 123,520</u>	<u>62.98%</u>

The receipt of property tax revenue, which accounted for a significant portion of the Council's total revenues, has allowed the Council to expand services to meet the high demand in the parish. As a result, most of the Council's expenditure categories increased, such as personnel, fringe, travel, operating services, operating supplies, and meals. Other costs showed a decrease in 2010 primarily due to a decrease in costs to compile the financial statements. Meanwhile, utility assistance expenditures increased in FY 2010 as a result of more demand for the service during the year. Capital

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging, Inc.
(Continued)

outlay expenditures in 2010 represent the costs to purchase a used van and two new computers needed for the Council's operations. Beginning in FY 2010, as a governmental agency receiving proceeds from a property tax assessment, the Council is required by state law to bear a pro-rata share of the pension expense relating to statewide public retirement systems. Therefore, the \$4,870 was withheld by the Sheriff from property tax collections and presented as an intergovernmental expenditure this year.

AN ANALYSIS OF THE GENERAL FUND BUDGET

During the fiscal year the Council did not amend its budget. Should an amendment be necessary, the primary reasons for taking this action would be to account for unanticipated, significant changes (particularly unfavorable) in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA and Capital Area Agency.

When comparing the final budget versus actual amounts, the Council had a net favorable variance of \$38,358. The primary reasons behind this net favorable variance can be summed up as follows:

- Property tax revenues were not budgeted whereas actual property tax revenues were \$141,048.
- Transfers to other programs were budgeted in the aggregate to be \$118,327 whereas actual needs required \$218,718 of transfers from the General Fund, resulting in an unfavorable variance of \$100,391.
- Operating services were \$7,400 less than budgeted.
- Other costs were \$1,994 more than budgeted.
- Capital outlay expenditures were \$3,366 more than budgeted
- Intergovernmental expenditures were \$4,870 more than budgeted.

These six variances alone accounted for \$37,827 of the Council's total favorable variance of \$38,358 or 98%. The remaining favorable and unfavorable variances within the General Fund are well within the expectations of management and require no further explanation.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging, Inc.
(Continued)

AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the Council had \$17,403 in capital assets net of accumulated depreciation. This amount is a net increase over last year of \$788, which is made up of additions of \$6,866 and the current year depreciation expense of \$(6,078).

	Capital Assets, Net of Depreciation		
	June 30, 2010	June 30, 2009	Increase (Decrease)
Vehicles	\$ 11,374	\$ 11,321	\$ 53
Equipment	6,029	5,294	735
	\$ 17,403	\$ 16,615	\$ 788

The capital asset additions during the year consisted of two used vehicles (\$4,660) and two new computers (\$2,206).

The Council had seven vans titled in its name at the end of the fiscal year, which are included in capital assets. Two of the seven vans were donated to the Council by other councils on aging.

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 7 to the financial statements.

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. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
XYZ Parish Council on Aging, Inc.
(Continued)

For FY 2011, the Council has budgeted revenues and expenditures of \$206,040. 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 Billy Boudreaux, Executive Director at 123 Main Street, Baton Rouge, Louisiana 70800 or by phone at (225) 777-1000.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A

STATEMENT OF NET ASSETS

XYZ Council on Aging, Inc.

Baton Rouge, Louisiana

June 30, 2010

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 119,498
Receivables:	
Capital Area Agency on Aging (CAAA)	4,134
Prepaid expenditures	14,062
Total current assets	137,694
Capital Assets, net of accumulated depreciation	17,403
Total Assets	155,097
LIABILITIES	
Current Liabilities:	
Accounts payable	58,367
Accrued payroll taxes	4,055
Deferred revenue - MIPPA program	788
Total current liabilities	63,210
NET ASSETS	
Invested in Capital Assets	17,403
Restricted for:	
Utility Assistance	4,871
Unrestricted	69,613
Total Net Assets	\$ 91,887

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

STATEMENT OF ACTIVITIES

XYZ Council on Aging, Inc.
Baton Rouge, Louisiana
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	\$ 29,040	\$ 15,769	\$ 0	\$ 9,089	\$ 3,500	\$ (32,220)
Information and Assistance	15,918	9,895	0	9,040	0	(16,773)
Material Aid	689	428	0	0	0	(1,117)
Outreach	1,004	624	0	472	0	(1,156)
Recreation	1,117	694	0	0	0	(1,811)
Telephoning	1,417	881	0	12,190	0	9,892
Utility Assistance	9,052	5,627	0	4,959	0	(9,720)
Nutrition Services:						
Congregate Meals	54,012	36,171	0	13,641	0	(76,542)
Home Delivered Meals	108,700	22,653	0	33,506	0	(97,847)
Disease Prevention and Health Promotion	1,102	259	0	1,139	0	(222)
Family Caregiver Support	414	302	0	882	0	166
Medicare Outreach and Enrollment	1,454	0	0	1,454	0	0
Administration	93,582	(93,303)	0	279	0	0
Total governmental activities	\$ 317,501	\$ 0	\$ 0	\$ 86,651	\$ 3,500	\$ (227,350)
General Revenues:						
Property taxes, net of intergovernmental expenses withheld (\$4,870)					136,178	
Grants and contributions not restricted to specific programs					80,621	
Interest income					446	
Total General Revenues						217,245
Increase (Decrease) in net assets						(10,105)
Net assets - beginning of the year						101,992
Net assets - end of the year						\$ 91,887

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

FUND FINANCIAL STATEMENTS

**FUND BALANCE SHEET
GOVERNMENTAL FUNDS**

**XYZ Council on Aging, Inc.
Baton Rouge, Louisiana
June 30, 2010**

	General Fund	Title III B	Title III C-1	Title III C-2	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash	\$ 57,486	\$ 0	\$ 196	\$ 54,703	\$ 7,113	\$ 119,498
Receivables:						
Capital Area Agency on Aging (CAAA)	0	3,230	582	0	322	4,134
Prepaid expenditures	14,062	0	0	0	0	14,062
Due from other governmental funds	2,120	0	0	0	0	2,120
Total Assets	\$ 73,668	\$ 3,230	\$ 778	\$ 54,703	\$ 7,435	\$ 139,814
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	0	1,418	778	54,703	1,468	58,367
Accrued payroll taxes	4,055	0	0	0	0	4,055
Deferred revenue - MIPPA program	0	0	0	0	788	788
Due to other governmental funds	0	1,812	0	0	308	2,120
Total Liabilities	4,055	3,230	778	54,703	2,564	65,330
Fund Balances						
Nonspendable:						
Prepaid expenditures	14,062	0	0	0	0	14,062
Restricted for:						
Utility assistance/weatherization	0	0	0	0	4,871	4,871
Unassigned	55,551	0	0	0	0	55,551
Total Fund Balances	69,613	0	0	0	4,871	74,484
Total Liabilities and Fund Balances	\$ 73,668	\$ 3,230	\$ 778	\$ 54,703	\$ 7,435	
Amounts reported for governmental activities in the statement of net assets are different because:						
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds						17,403
Net Assets of Governmental Activities						\$ 91,887

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
XYZ Council on Aging, Inc.
Baton Rouge, Louisiana
For the year ended June 30, 2010

	General Fund	Title III B	Title III C-1	Title III C-2	Nonmajor Funds	Total Governmental Funds
<u>REVENUES</u>						
Intergovernmental:						
Capital Area Agency on Aging (CAAA)	\$ 279	\$ 31,931	5,412	24,196	2,021	\$ 63,839
Governor's Office of Elderly Affairs	80,600	0	0	0	1,454	82,054
Property tax	141,048	0	0	0	0	141,048
Public Support						
Client contributions	0	8	8,229	9,310	0	17,547
Other general public donations	21	0	0	0	3,811	3,832
Interest Income	446	0	0	0	0	446
Total revenues	<u>222,394</u>	<u>31,939</u>	<u>13,641</u>	<u>33,506</u>	<u>7,286</u>	<u>308,766</u>
<u>EXPENDITURES</u>						
Health, Welfare, & Social Services:						
Current:						
Personnel	0	36,827	57,734	32,071	999	127,631
Fringe	0	4,690	6,866	3,864	106	15,526
Travel	0	3,763	1,467	259	6	5,495
Operating Services	0	24,359	10,973	11,210	2,321	48,863
Operating Supplies	0	8,394	4,982	4,660	58	18,094
Other Costs	2,404	1,299	2,579	919	22	7,223
Meals	0	0	4,029	76,627	0	80,656
Utility Assistance	0	0	0	0	7,935	7,935
Capital Outlay	3,366	0	0	0	0	3,366
Intergovernmental	4,870	0	0	0	0	4,870
Total expenditures	<u>10,640</u>	<u>79,332</u>	<u>88,630</u>	<u>129,610</u>	<u>11,447</u>	<u>319,659</u>
Excess of revenues over (under) expenditures	211,754	(47,393)	(74,989)	(96,104)	(4,161)	(10,893)
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating transfers in	195	47,393	74,989	96,104	232	218,913
Operating transfers out	(218,718)	0	0	0	(195)	(218,913)
Net increase (decrease) in fund balances	(6,769)	0	0	0	(4,124)	(10,893)
<u>FUND BALANCE (DEFICIT)</u>						
Beginning of year	76,382	0	0	0	8,995	85,377
End of year	<u>\$ 69,613</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>4,871</u>	<u>\$ 74,484</u>

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

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

**XYZ Council on Aging, Inc.
Baton Rouge, Louisiana**

For the year ended June 30, 2010

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$	(10,893)
---	----	----------

Donated capital assets are recorded at their estimated fair market values at the time of acquisition in the government-wide Statement of Net Assets and Statement of Activities, whereas they are not recorded in any governmental fund financial statement because they do not impact the current flow of financial resources. The amount presented represents the estimated fair market value of a vehicle donated to the Council for use within its Elderly Transportation program.

	\$	3,500
--	----	-------

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 depreciation (\$6,078) exceeds capital outlays (\$3,366) in this year.

	<u>(2,712)</u>
--	----------------

Increase (Decrease) of Net Assets of Governmental Activities	\$	<u><u>(10,105)</u></u>
--	----	------------------------

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

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

The accounting and reporting policies of XYZ Council on 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 XYZ 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 (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.

The primary services provided by the Council to the elderly residents of XYZ Parish include congregate and home delivered meals, nutritional education, information and assistance, outreach, utility assistance, telephoning, wellness, medication management, family caregiver support, and transportation.

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

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. 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.

XYZ Council on 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 March 19, 1973 and began operations on October 29, 1973, the date in which it filed its articles of incorporation with the Secretary of State's office.

A board of directors, consisting of 11 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 by the general membership of the Council. Membership in the Council is open at all times, without restriction, to all residents of XYZ Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, *The 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 special-purpose, stand-alone 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 purpose are to 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. Intergovernmental revenues primarily 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 such as 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 restricted 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. 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 provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted grants, and interest income 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 special items this year.

Fund Financial Statements:

The fund financial statements present financial information very similar to that which was included in the general-purpose financial statements issued by governmental entities before GASB 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 and account groups. 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 various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. 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 primary 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 and funding sources 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 such as proceeds from a property tax assessment by XYZ Parish, interest income earned on unassigned fund balances, and unrestricted donations from the general public. 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 the Council's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their 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 (GOEA). The Council's management may use these "Act 735" funds at its discretion to fund any of its programs provided the program is benefiting elderly people (those who are at least 60 years old). In FY 2010, the Council received this grant money into its General Fund and management transferred it to other programs (as follows below) to help pay for 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)

Program	PCOA - Regular	PCOA - Special
Title III B	\$ 9,242	
Title III C-1	3,578	
Title III C-2	24,572	15,000
Title III D	90	
Title III E	18	
	\$ 37,500	\$ 15,000

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 operating community service centers where elderly people are receiving supportive social services and participating in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council maintains two senior centers in XYZ Parish. Accordingly, during the year, management transferred its Senior Center grant funds to the Title III B Fund (\$7,684), the Title III C-1 Fund (\$8,306), and the Title III C-2 Fund (\$9,010), and transferred its Supplemental Senior Center grant funds to the Title III C-1 Fund (\$105) and the Title III C-2 Fund (\$2,995) to subsidize those programs’ cost of providing services to elderly persons who used the senior centers.

Audit Funding

Each year GOEA provides funds to subsidize the cost of the Council’s annual audit. If an audit is not required by state law, these funds can be used to offset the professional fees charged to compile or review the Council’s annual financial statements. The funds are sent to CAAA, which in turn passes the money on to the Council. The subsidy (\$279 for FY 2010) was received and accounted for in the General Fund and used to help pay for the cost of the professional services, which was \$2,404 and included as a component of “Other Costs” in the General 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)

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A significant percentage of the Council's special revenue funds, which the Council receives, are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs (GOEA), which in turn "passes through" the funds to the Council via Capital Area Agency on Aging - District II, Inc. (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:

Major Special Revenue Funds:

Title III B Fund

The Title III B Fund is used to account for funds used to provide various units of supportive social services to the elderly. 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 B_ Grants for Supportive Services and Senior Centers.

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:

Type of Service Provided	Units
Information and Assistance	771
Material aid	11
Outreach	127
Recreation	815
Telephoning	3,465
Transportation for people age 60 or older	2,015
Utility assistance	47

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 accounts for funds used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout XYZ Parish. The Council maintains meal-sites at _____ and _____. During the year the Council provided 9,214 meals to people eligible to participate in this program. The Council also provided 125 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 (\$5,412) received from GOEA via CAAA and contributions from those persons who received congregate meals (\$8,229).

Title III C-2 Fund

The Title III C-2 Fund accounts for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council provided 46,392 home-delivered meals. The Council also provided 205 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 (\$24,196) received from GOEA via CAAA and contributions from those persons who received home-delivered meals (\$9,310).

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)

Nonmajor Special Revenue 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 297 units of wellness service and 194 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.

Title III E Fund

The Title III E Fund is used to account for funds that are used to provide support services for family caregivers and for grandparents or older individuals who are relative caregivers. During the year, the Council provided 6 units of information and assistance 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.

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. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds.

During the year, the Council provided funds to 31 different people to assist them with paying their utility bills. The maximum amount of assistance a person can receive in one year is usually limited to \$300.

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)

MIPPA Fund

This fund is used to account for the administration of the MIPPA program, the purpose of which is to provide outreach to individuals in XYZ Parish with special emphasis on rural communities and increase public awareness and enrollment into the benefits available under Medicare Part D, Low Income Subsidy (LIS) and Medicare Savings Plan (MSP).

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

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

d. Measurement Focus and Basis of Accounting – (Continued)

• Fund Financial Statements – Modified Accrual Basis – (Continued)

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.

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.

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

g. Receivables

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

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.

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, the prepaid expenditures are shown as an asset on the balance sheet of the fund

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

h. Prepaid Expenses/Expenditures – (Continued)

financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

For purposes of presenting prepaid expenses in the Statement of Activities, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements.

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 purchased or acquired with an original cost of at least \$1,000 and 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.

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.

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

j. Capital Assets - (Continued)

Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Office equipment - other than computers	6 years
Vehicles	5 years
Computer equipment	5 years
Leasehold improvements	20 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 government-wide statements. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented anywhere else 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. In contrast, the Council's sick leave policy allows an employee to carryover up to thirty days of sick leave. However, upon termination the employee is not paid for any unused sick leave. As a result, the Council has not accrued a liability for any unused annual or sick leave in the financial statements.

The Council's management has this policy to minimize the Council's exposure to a liability for which the Council may not have the funds to pay.

m. 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.

n. Deferred Revenue Other Than Property Taxes

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the 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 Fund Balance Sheet, whichever the case might be, and the revenue is recognized. At year end, the Council had \$788 of deferred MIPPA revenue.

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

o. 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 additional property tax revenue will be collected after August 31, 2010 for the 2009 property tax assessment.

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 have 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, it is the Council's policy is to use restricted resources first to finance its activities.

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 as 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.

Management has classified fund balance for utility assistance as being restricted due to the constraints placed on the use of the money contributed by the general public and Entergy Corporation.

- **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 June 30, 2010.

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

q. Fund Equity - Fund Financial Statements

- 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. The Council did not have any assigned fund balance as of June 30, 2010.
- Unassigned: This classification is the residual fund balance for the General Fund and represents the amount 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 more than one classification, 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 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 Pronouncement

Beginning with this fiscal year, the Council 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, 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 recorded as revenue in the period received.

Note 3 - Revenue Recognition - Property Tax

During fiscal year 2010, the Council began receiving funds from a property tax that was adopted by the voters of XYZ Parish on October 2, 2008 to specifically provide money to finance the Council's operations. The XYZ Parish Assessor began assessing the property tax in 2009 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 \$57,324,970. After applying homestead exemptions and other reductions of \$16,631,500, the net assessed value upon which the Council's property tax was computed was \$40,693,470. 3.55 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 \$144,462. This amount was subsequently reduced by management to 141,048 as a result of \$3,414 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 XYZ 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 XYZ Parish for the 2009 tax assessment was May 12, 2010 and the lien date was December 31, 2009.

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 property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. There was no property tax collected during July and August 2010. The Council did not present any amounts this year as deferred property tax revenue because management estimates little, if any, property taxes will be collected after August 31, 2010 for the 2009 property tax assessment.

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

Property tax revenues of \$141,048 on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) have not been reduced by \$4,870 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 \$4,870 has been presented as intergovernmental expenditures on Exhibit D. In contrast, for purposes of the government-wide Statement of Activities (Exhibit B), property tax revenues of \$141,048 were reduced by the \$4,870 of on-behalf payments to present a net amount of \$136,178 for general revenues. See Note 9 to these financial statements for more information.

Note 4 - Cash Management and Deposits

The Council maintains a consolidated operating bank account at Bank of XYZ, which is available for use by all funds to deposit revenues and pay expenses. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

The Council maintains a \$200 petty cash fund to pay for small, unexpected expenses that might arise during daily operations.

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. 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.

Cash is reported at its carrying value, which equals its fair value. At year-end, the combined carrying amount of the Council's cash on its books, including \$200 of petty cash, was \$119,298, whereas the related bank balances totaled \$120,318. The primary difference in these amounts relates to deposits made to and checks written on demand deposit accounts that have not yet cleared the bank accounts. At year-end, all of the bank balances were insured 100% by federal depository insurance.

Note 4 - Cash Management and Deposits

<u>Cash & Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:					
Bank of XYZ	\$ 119,298	\$ 119,298	None	Demand	Category 1
Petty Cash	200	200	None	N/A	None
Total Cash	119,498	119,498			
Unrestricted Purpose					
	\$ 114,627				
Restricted Purpose:					
Utility Assistance	4,871				
Total Cash & Investments	\$ 119,498				

As illustrated in the above table, some of the Council's cash and investments are restricted assets for presentation in the Statement of Net Assets. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose. The Council has presented these restricted assets as a component of current assets in the Statement of Net Assets because they are available for use in current operations.

The Council had no asset that would be classified as an investment at year-end.

Note 5 - Government Grants and Contracts Receivable

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year end.

At year end, the Council had following government grants and contracts receivable from Capital Area Agency on Aging:

<u>Fund</u>	<u>Amount</u>
Title III B	\$ 3,230
Title III C-1	582
Title III D	28
Title III E	294
Total receivables	\$ 4,134

Note 6 - Prepaid Expenditures and Expenses

At year-end, prepaid expenditures and prepaid expenses consisted of the following:

	Prepaid Expenditures	Prepaid Expenses
Insurance premiums	\$ 14,062	\$ 14,062

Note 7 - Changes in Capital Assets and Accumulated Depreciation

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

Capital Assets Being Depreciated	Balance June 30, 2009	Additions	Decreases	Balance June 30, 2010
Vehicles	\$ 18,372	\$ 4,660	\$ 0	\$ 23,032
Office furniture and equipment	9,732	2,206	0	11,938
Total Capital Assets	28,104	6,866	0	34,970
Less Accumulated Depreciation:				
Vehicles	7,051	4,606	0	11,657
Office furniture and equipment	4,438	1,472	0	5,910
Total Accumulated Depreciation	11,489	6,078	0	17,567
Capital Assets Net of Depreciation	\$ 16,615	\$ 788	\$ 0	\$ 17,403

All the Council's vehicles are operational at year end. The Council's management has reviewed capital assets and does not believe any capital asset has been impaired as of year-end.

Depreciation was charged to governmental activities as follows:

Administration	\$ 1,212
Supportive Services:	
Transportation of the elderly	3,674
Nutrition Services:	
Congregate meals	260
Home delivered meals	932
Total depreciation expense for governmental activities	\$ 6,078

Note 7 - Changes in Capital Assets and Accumulated Depreciation - (Continued)

The \$1,212 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 other depreciation amounts (\$4,866) are charged as direct expenses to their related functions on the Statement of Activities.

Note 8 - Fund Balances - Fund Financial Statements

At year-end, one special revenue fund had remaining fund balance of \$4,871 which was classified as restricted. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to these policies as described in the next paragraph.

The Council has \$4,071 of utility assistance contributions and \$800 of Entergy weatherization contributions for home repairs that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

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 \$4,870 that was withheld by the XYZ Parish Sheriff from property tax collections to satisfy the Council's obligation. 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.

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

The \$4,870 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 in-kind contributions that the Council received during the year consisted primarily of free rent and utilities relating to the use of the main administration office in Baton Rouge and senior centers at _____ and _____. These contributions were not valued.

During the year the Council was donated a used van by another council on aging. The van's value was estimated to be \$3,500.

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 the end of this fiscal year, 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 unexpected lawsuits or claims that might be filed against the Council 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 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

The Council receives the majority of its revenue from other governments in the form of intergovernmental revenues. Intergovernmental type revenues are appropriated each year by the federal, state, and local governments. If significant budget cuts are made at the federal, state and/or local level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive next year relating to its usual sources of intergovernmental revenues.

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.

Note 17 - 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 17 - Interfund Receivables and Payables - Fund Financial Statements - (Continued)

	Receivable From	Payable To
General Fund:		
Major Funds:		
Title III B	\$ 1,812	\$ 0
Nonmajor Funds in the aggregate	308	0
Totals for the General Fund	\$ 2,120	\$ 0
Special Revenue Funds:		
Major Funds:		
Title III B:		
General Fund	\$ 0	\$ 1,812
Nonmajor Funds in the aggregate:		
General Fund	0	308
Totals for Special Revenue Funds	\$ 0	\$ 2,120
Totals for All Funds	\$ 2,120	\$ 2,120

Note 18 - 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	\$ 47,393
Title III C-1 Fund	0	74,989
Title III C-2 Fund	0	96,104
Nonmajor Funds in the Aggregate	195	232
Total General Fund	195	218,718
Title III B - Fund:		
General Fund	\$ 47,393	\$ 0
Total Title III B Fund	47,393	0
Title III C-1 Fund:		
General Fund	\$ 74,989	\$ 0
Total Title III C-1 Fund	74,989	0
Title III C-2 - Fund:		
General Fund	\$ 96,104	\$ 0
Total Title III C-2 Fund	96,104	0
Nonmajor Funds in the Aggregate:		
General Fund	\$ 232	\$ 195
Total for Nonmajor Funds	232	195
Grand Totals	\$ 218,913	\$ 218,913

Transfers are used (a) to 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) to shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 19 - Related Party Transactions

There were no related party transactions during the fiscal year.

Note 20 - Subsequent Events

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

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB 34

Budgetary Comparison Schedule - General Fund

XYZ Council on Aging, Inc.

Baton Rouge, Louisiana

For the year ended June 30, 2010

	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original (Unamended)	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES			
Intergovernmental:			
Governor's Office of Elderly Affairs			
PCOA	\$ 37,500	\$ 37,500	\$ 0
PCOA - Special	15,000	15,000	0
Senior Center	25,000	25,000	0
Supplemental Senior Center	3,100	3,100	0
Capital Area Agency on Aging (CAAA) - Audit	410	279	(131)
Property Tax	0	141,048	141,048
Public Support - unrestricted	0	21	21
Interest Income	0	446	446
Total Revenues	<u>81,010</u>	<u>222,394</u>	<u>141,384</u>
EXPENDITURES			
Current:			
Personnel	0	0	0
Fringe	0	0	0
Travel	0	0	0
Operating Services	7,400	0	7,400
Operating Supplies	0	0	0
Other Costs	410	2,404	(1,994)
Capital Outlay	0	3,366	(3,366)
Intergovernmental	0	4,870	(4,870)
Total Expenditures	<u>7,810</u>	<u>10,640</u>	<u>(2,830)</u>
Excess of expenditures over revenues	<u>73,200</u>	<u>211,754</u>	<u>138,554</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	0	195	195
Transfers out	(118,327)	(218,718)	(100,391)
Total other financing sources and uses	<u>(118,327)</u>	<u>(218,523)</u>	<u>(100,196)</u>
Net increase (decrease) in fund balance	<u>\$ (45,127)</u>	<u>(6,769)</u>	<u>\$ 38,358</u>
FUND BALANCE			
Beginning of year		<u>76,382</u>	
End of year		<u>\$ 69,613</u>	

See accountants' review report and notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

**XYZ Council on Aging, Inc.
Baton Rouge, Louisiana
For the year ended June 30, 2010**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Capital Area Agency on Aging	\$ 31,931	\$ 31,931	\$ 0
Public Support	120	8	(112)
Total Revenues	<u>32,051</u>	<u>31,939</u>	<u>(112)</u>
EXPENDITURES			
Current:			
Personnel	48,964	36,827	12,137
Fringe	4,584	4,690	(106)
Travel	4,353	3,763	590
Operating Services	5,650	24,359	(18,709)
Operating Supplies	1,588	8,394	(6,806)
Other Costs	1,896	1,299	597
Capital Outlay	442	0	442
Total Expenditures	<u>67,477</u>	<u>79,332</u>	<u>(11,855)</u>
Excess of expenditures over revenues	<u>(35,426)</u>	<u>(47,393)</u>	<u>(11,967)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	35,426	47,393	11,967
Transfers out	0	0	0
Total other financing sources and uses	<u>35,426</u>	<u>47,393</u>	<u>11,967</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE			
Beginning of year		<u>0</u>	
End of year		<u>\$ 0</u>	

See accountants' review report and notes to required supplementary information

Budgetary Comparison Schedule - Title III C-1 Fund

XYZ Council on Aging, Inc.
Baton Rouge, Louisiana
For the year ended June 30, 2010

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Capital Area Agency on Aging	\$ 9,795	\$ 5,412	\$ (4,383)
Public Support	4,100	8,229	4,129
	<hr/>	<hr/>	<hr/>
Total Revenues	13,895	13,641	(254)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Personnel	23,285	57,734	(34,449)
Fringe	1,991	6,866	(4,875)
Travel	343	1,467	(1,124)
Operating Services	3,964	10,973	(7,009)
Operating Supplies	1,539	4,982	(3,443)
Other Costs	1,009	2,579	(1,570)
Meals	0	4,029	(4,029)
Capital Outlay	212	0	212
	<hr/>	<hr/>	<hr/>
Total Expenditures	32,343	88,630	(56,287)
	<hr/>	<hr/>	<hr/>
Excess of expenditures over revenues	(18,448)	(74,989)	(56,541)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	18,448	74,989	56,541
Transfers out	0	0	0
	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	18,448	74,989	56,541
	<hr/>	<hr/>	<hr/>
Net increase (decrease) in fund balance	\$ 0	0	\$ 0
	<hr/>	<hr/>	<hr/>
FUND BALANCE			
Beginning of year		0	
		<hr/>	
End of year		\$ 0	
		<hr/>	

See accountants' review report and notes to required supplementary information

Budgetary Comparison Schedule - Title III C-2 Fund

**XYZ Council on Aging, Inc.
Baton Rouge, Louisiana
For the year ended June 30, 2010**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES			
Intergovernmental:			
Capital Area Agency on Aging	\$ 24,196	\$ 24,196	\$ 0
Public Support	7,200	9,310	2,110
Total Revenues	<u>31,396</u>	<u>33,506</u>	<u>2,110</u>
EXPENDITURES			
Current:			
Personnel	43,472	32,071	11,401
Fringe	4,810	3,864	946
Travel	19,709	259	19,450
Operating Services	8,018	11,210	(3,192)
Operating Supplies	1,872	4,660	(2,788)
Other Costs	2,421	919	1,502
Meals	15,000	76,627	(61,627)
Capital Outlay	530	0	530
Total Expenditures	<u>95,832</u>	<u>129,610</u>	<u>(33,778)</u>
Excess of expenditures over revenues	<u>(64,436)</u>	<u>(96,104)</u>	<u>(31,668)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	64,436	96,104	31,668
Transfers out	0	0	0
Total other financing sources and uses	<u>64,436</u>	<u>96,104</u>	<u>31,668</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
FUND BALANCE			
Beginning of year		<u>0</u>	
End of year		<u>\$ 0</u>	

See accountants' review report and notes to required supplementary information

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

XYZ COUNCIL ON AGING, INC. BATON ROUGE, 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 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 a federal matching program. 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 did not amend the budget.
- 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.
- 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

Note 2 - General Fund's Budgeted Operating Deficit

Management budgeted an operating deficit in the Council's General Fund this year because last year the Council passed a property tax that management knew was going to provide more funds for the Council in FY 2010 but it did not know the exact amount that the Council would be receiving. As a result, management did not budget any revenues for the property tax when it prepared the Council's budget for FY 2010 but it knew there would be plenty of money coming in to cover the expansion of the program services that were planned for FY 2010. Management also had plenty of unassigned fund balance from FY 2009 to absorb the deficit that was budgeted in the FY 2010 General Fund. Accordingly, management did not put the Council at risk by way of budgeting expenditures that it could not adequately cover in FY 2010.

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

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

**XYZ Council on Aging, Inc.
Baton Rouge, Louisiana
For the year ended June 30, 2010**

	<u>Title III D</u>	<u>Title III E</u>	<u>MIPPA</u>	<u>Utility Assistance</u>	<u>Totals</u>
<u>REVENUES</u>					
Intergovernmental:					
Capital Area Agency on Aging (CAAA)	\$ 1,139	\$ 882	\$ 0	\$ 0	\$ 2,021
Governor's Office of Elderly Affairs	0	0	1,454	0	1,454
Public Support (Restricted):					
Entergy Corporation	0	0	0	3,811	3,811
Total revenues	<u>1,139</u>	<u>882</u>	<u>1,454</u>	<u>3,811</u>	<u>7,286</u>
<u>EXPENDITURES</u>					
Health, Welfare, & Social Services:					
Current:					
Personnel	461	538	0	0	999
Fringe	50	56	0	0	106
Travel	3	3	0	0	6
Operating Services	802	65	1,454	0	2,321
Operating Supplies	27	31	0	0	58
Other Costs	10	12	0	0	22
Utility Assistance	0	0	0	7,935	7,935
Total expenditures	<u>1,353</u>	<u>705</u>	<u>1,454</u>	<u>7,935</u>	<u>11,447</u>
Excess of revenues over (under) expenditures	(214)	177	0	(4,124)	(4,161)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	214	18	0	0	232
Operating transfers out	0	(195)	0	0	(195)
Net increase (decrease) in fund balances	0	0	0	(4,124)	(4,124)
<u>FUND BALANCE (DEFICIT)</u>					
Beginning of year	0	0	0	8,995	8,995
End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,871</u>	<u>\$ 4,871</u>

See accountants' review report

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

**XYZ Council on Aging, Inc.
Baton Rouge, Louisiana
For the year ended June 30, 2010**

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
<u>Capital Assets</u>				
Vehicles	\$ 18,372	\$ 4,660	\$ 0	\$ 23,032
Office furniture and equipment	9,732	2,206	0	11,938
Total capital assets	<u>\$ 28,104</u>	<u>\$ 6,866</u>	<u>\$ 0</u>	<u>\$ 34,970</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
PCOA	16,274	0	0	16,274
Police Jury	2,340	0	0	2,340
Local	9,490	6,866	0	16,356
Total investment in capital assets	<u>\$ 28,104</u>	<u>\$ 6,866</u>	<u>\$ 0</u>	<u>\$ 34,970</u>

See accountants' review report

Accountants' Letterhead

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of XYZ Parish Council on Aging, Inc., the Legislative Auditor of the State of Louisiana, and applicable state grantor agencies

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of XYZ Parish Council on Aging, Inc., the Legislative Auditor of the State of Louisiana, and applicable state grantor agencies solely to assist the users in evaluating management's assertions about XYZ Parish Council on Aging, Inc.'s compliance with certain laws and regulations during the year ended June 30, 2010 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the XYZ Parish Council on Aging, Inc. is responsible for the Council's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of the Federal, state, and local award expenditures for the fiscal year, by grant and grant year.

There were no local grants. The federal and state grants were as follows:

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

(Continued)

Federal, State, or Local Grant Name or Revenue Source	Grant Year or Project Period	CFDA or Grant Project #	Amount Expended
Federal Grants:			
US Dept. of Health & Human Services - Administration on Aging, which were passed through the Governor's Office of Elderly Affairs and the Capital Area Agency on Aging - District II, Inc.:			
a. Special Programs for the Aging, Title III, Part B - Grants for Supportive Services and Senior Centers	FYE 06/30/2010	93.044	20,088
b. Special Programs for the Aging, Title III, Part C - Nutrition Services:	FYE 06/30/2010	93.045	
Part C-1- Congregate Meals Component			5,412
Part C-2- Congregate Meals Component			44
c. Title III, Part D, Disease Prevention & Health Promotion Services	FYE 06/30/2010	93.043	1,139
d. Title III, Part E, National Family Caregivers Support Program	FYE 06/30/2010	93.052	661
e. Title III, Part III - Affordable Care Act - Medicare Improvements for Patients and Providers (MIPPA)	FYE 06/30/2010	93.518	2,242
Total Federal Grant Expenditures			29,586
State Grants:			
State Matching Funds Relating to federal grants awarded by:			
US Dept. of Health & Human Services - Administration on Aging, which were passed through the Governor's Office of Elderly Affairs and the Capital Area Agency on Aging - District II, Inc.:			
a. Special Programs for the Aging, Title III, Part B - Grants for Supportive Services and Senior Centers	FYE 06/30/2010	CFMS 123456	11,843
b. Special Programs for the Aging, Title III, Part C - Nutrition Services:	FYE 06/30/2010	CFMS 234567	
Part C-1- Congregate Meals Component			-
Part C-2- Congregate Meals Component			24,152
c. Title III, Part D, Disease Prevention & Health Promotion Services	FYE 06/30/2010	CFMS 345678	-
d. Title III, Part E, National Family Caregivers Support Program	FYE 06/30/2010	CFMS 456789	221
Separate State Grants:			
Senior Center	FYE 06/30/2010	CFMS 567890	25,000
Supplemental Senior Center	FYE 06/30/2010	CFMS 678901	31,000
PCOA	FYE 06/30/2010	CFMS 789012	37,500
PCOA Line Item	FYE 06/30/2010	CFMS 890123	15,000
Audit Subsidy	FYE 06/30/2010	CFMS 901234	279
Total State Grant Expenditures			144,995
Total federal and state grant expenditures			\$ 174,581

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES
(Continued)**

2. For each federal, state and local award, we randomly selected the lesser of all or six disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.

Because the Council administered multiple grant awards during the examination period, we had to limit the total number of selected disbursements to 30. We randomly selected at least one disbursement from each grant award.

3. For the items selected in procedure 2, we traced the amount and payee to supporting documentation to verify proper amount and payee.

We examined supporting documentation for each of the 30 selected disbursements and found that the payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the 30 disbursements were properly coded to their correct fund (program) and general ledger account.

Twenty nine of the selected disbursements were coded to the correct fund and general ledger account. One payment (check # XXXX) was coded improperly to maintenance and should have been coded to fixed assets and capital outlay.

5. For the items selected in procedure 2, we determined whether the disbursements received approval from proper authorities.

We inspected all 30 disbursements and verified that they had documented approval by the appropriate members of the Council's management.

6. For federal award disbursements selected in procedure 2, we determined whether the disbursements complied with the applicable specific compliance requirements summarized in the Office of Management and Budget's latest *Compliance Supplement* (or contained in the grant agreement, if the program is not included in the OMB *Compliance Supplement*) and for state and local awards, if the program is not included in the *Compliance Supplement*) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

- Activities allowed or unallowed

We reviewed the previously selected disbursements for types of services allowed or not allowed. All items tested complied with the allowability requirements.

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES
(Continued)**

- Eligibility

We reviewed the previously selected disbursements for eligibility requirements. None of the grants had any eligibility requirements; therefore, this procedure did not apply.

- Reporting

We reviewed the previously selected disbursements for compliance with reporting requirements. All disbursements selected were properly reported to their grantors.

7. For the programs selected for testing in item 2 that had been closed out during the period under review, we compared the close-out report, when required, with the Council's financial records to determine whether the amounts agree.

The previously selected disbursements related to federal and state programs that closed out June 30, 2010. We compared the close-out reports for all federal and state grant programs to the Council's financial records and the amounts reported on the close-out reports agreed to the Council's financial records.

Open Meetings

8. We requested evidence to indicate that agendas for Council meetings, as recorded in its minute book, were posted as an open meeting as required by LSA-RS 42:1 through 42:13 (the open meetings law).

The Council is only required to post a notice of each meeting and the accompanying agenda on the door of the Council's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Budget

9. For all grants exceeding five thousand dollars, we determined that each federal and state grantor agency was provided with a comprehensive budget of those grants that included the grant's purpose and duration, and for state grants, we determined that those grants included specific goals, objectives, and measures of performance.

The Council provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated use of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES
(Continued)**

Prior Comments and Recommendations

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

There were no prior year suggestions, recommendations, and/or comments that had to be reviewed this year for resolution.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of XYZ Parish Council on Aging, Inc.'s Board of Directors, the Legislative Auditor of the State of Louisiana, and applicable state grantor agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baton Rouge, Louisiana
December XX, 2010

John Doe, CPA

XYZ Parish Council on Aging, Inc.
Baton Rouge, LA

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)
July 15, 2010 (Date Transmitted)

John Doe, CPA
123 Main Street
Baton Rouge, LA 70800

In connection with your review of our financial statements as of XYZ Parish Council on Aging, Inc., Baton Rouge, LA and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of July 15, 2010 (fill in the date this questionnaire is completed/representations made).

Federal, State, and Local Awards

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes [X] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [X] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

_____	Secretary_____	Date
_____	Treasurer_____	Date
_____	President_____	Date

SECTION D

**ILLUSTRATIONS OF REVIEW AND COMPILATION REPORTS TO BE
ISSUED BY THE ACCOUNTANTS PERFORMING THESE SERVICES**

Accountants' Letterhead

Independent Accountant's Review Report

To the Board of Directors of XYZ Parish Council on Aging, Inc.
Baton Rouge, LA

We have reviewed the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the XYZ Parish Council on Aging, Inc., Baton Rouge, Louisiana, (the Council) as of and for the year ended June 30, 20XX, which collectively comprise the Council's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Council's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The Council's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with the Statements on Standards for Accounting and review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages X to Y and the budgetary comparison information on pages A to Z are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. In addition, 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 as supplementary information required by the Governor's Office of Elderly Affairs and are also not a required part of the basic financial statements. Such information has not been subjected to the inquiry and analytical procedures we applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated December X, 20XX, on the results of our agreed-upon procedures.

Baton Rouge, Louisiana
December X, 20XX

John Doe, CPA

Footnotes:

1. Paragraph 5 above might contain different wording if the accountant extends his review procedures to the supplementary information. The example shown above illustrates when the accountant is not extending his review procedures to cover the supplementary information. There is no state law requirement that the review procedures be extended to the supplementary information. If the COA and the CPA agree through their engagement letter to have the CPA extend his procedures to the supplementary information, then the wording will mention the extra procedures. Consult a copy of the engagement letter to ascertain if the CPA was engaged to review the supplementary information or not as part of confirming if this review report is appropriate.

Sample wording if review procedures were extended to cover the supplementary information:

Management's discussion and analysis on pages X to Y and the budgetary comparison information on pages A to Z are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. In addition, 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 as supplementary information required by the Governor's Office of Elderly Affairs and are also not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures we applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

2. The last paragraph is from the Louisiana Governmental Audit Guide and its placement could be at the end as shown above, or it might precede paragraph 5, which discusses the supplementary information.

3. The accountant might encounter departures from generally accepted accounting principles, which would cause him to add additional paragraphs to this report. These situations could vary and we are not going to try and provide multiple examples in this guide. It will be the accountant's responsibility to consult his professional standards to obtain the proper wording to use in his report.

4. A review/attestation engagement is required when the COA receives \$200,000 to \$499,000 in public funds.

5. There might be occasions where the Council is not presenting management's discussion and analysis (MD & A). In those cases, the accountant will not make reference to the MD & A in paragraph 5. An extra paragraph should be added that says:

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

6. Reporting on a Change in Accounting Principle - Accountants are not required to modify their compilation and review reports provided the change is properly accounted for and adequately disclosed in the financial statements. (That differs from the guidance for auditors discussed in SAS No. 58. That SAS requires auditors to add a paragraph to their report when accounting principles have not been consistently applied from one period to the next. Thus, auditors are required to add an explanatory paragraph to their report to highlight a change in accounting principle.)

Although not required by SSARS, accountants may add an explanatory paragraph to their report if they wish. If accountants choose to add a paragraph to their report highlighting the change in accounting principle, the following language might be used:

As described in Note 1X 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 2011.

Accountants' Letterhead

Independent Accountant's Compilation Report

To the Board of Directors of XYZ Parish Council on Aging, Inc.
Baton Rouge, LA

We have compiled the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the XYZ Parish Council on Aging, Inc., Baton Rouge, Louisiana, (the Council) as of and for the year ended June 30, 20XX, which collectively comprise the Council's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The Council's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the basic financial statements.

Our responsibility is to conduct the compilation in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management of the Council in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the basic financial statements.

Management's discussion and analysis on pages X to Y and the budgetary comparison information on pages A to Z are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. In addition, 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 as supplementary information required by the Governor's Office of Elderly Affairs and are also not a required part of the basic financial statements. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or provide any other form of assurance on the supplementary information.

Baton Rouge, Louisiana
December X, 20XX

John Doe, CPA

Footnotes:

1. The accountant might encounter departures from generally accepted accounting principles, which would cause him to add additional paragraphs to this report. These situations could vary and we are not going to try and provide multiple examples in this guide. It will be the accountant's responsibility to consult his professional standards to obtain the proper wording to use in his report.
2. A compilation engagement is required when the COA receives \$50,000 to \$199,000 in public funds.
3. If the accountant is not independent, then he will not include the word "independent" in the title of his report. An accountant can perform a compilation and not be independent but he must always be independent when doing a review or an audit.
4. There might be occasions where the Council is not presenting management's discussion and analysis (MD & A). In those cases, the accountant will not make reference to the MD & A in paragraph 4. An extra paragraph should be added that says:

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

5. Reporting on a Change in Accounting Principle - Accountants are not required to modify their compilation and review reports provided the change is properly accounted for and adequately disclosed in the financial statements. (That differs from the guidance for auditors discussed in SAS No. 58. That SAS requires auditors to add a paragraph to their report when accounting principles have not been consistently applied from one period to the next. Thus, auditors are required to add an explanatory paragraph to their report to highlight a change in accounting principle.)

Although not required by SSARS, accountants may add an explanatory paragraph to their report if they wish. If accountants choose to add a paragraph to their report highlighting the change in accounting principle, the following language might be used:

As described in Note 1X 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 2011.