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Financial Report

Washington Council on the Aging, Inc.
Franklinton, Louisiana

June 30, 2007

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Franklinton, Louisiana

June 30, 2007

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

The following discussion and analysis of the Washington Council on the Aging, Inc.'s financial performance provides an overview of the Council's financial activities for the year ended June 30, 2007. This document should be read in conjunction with the basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Council showed an increase in overall net assets of $42,474, or about 14% this year.
- Net capital assets of the Council increased by $10,830, or about 12%.
- The Council's fund revenues decreased by $17,066, or about 2%.
- Fund expenditures decreased by $43,215, or 6%.
- The unreserved, undesignated fund balance for the Council's General Fund was $147,163, at year-end, which is an $11,365, or 7%, decrease from prior year.
- No deficit fund balances existed at year-end.

HOW TO USE THIS ANNUAL REPORT

This annual report consists of a series of financial statements. 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. 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.

The auditor has provided assurance in his independent auditor's report, located immediately after 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 GASB Statement 34 and 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.

REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS

Management's analysis of the Council as a whole begins on page 5. 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) 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. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements, found on pages 18 and 19, report the Council's net assets and changes in them. The Council has restricted net assets of $71,314, which must be used for specific purposes, whereas $179,297 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 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, non-elderly transportation, family caregiver support, senior citizen activities, disease prevention and health promotion, and Medicaid prescription drug program assistance. Subprogram activities are also presented in some cases to help the reader analyze the Council's operations better. 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.

REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS USING 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, six 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 which are legally restricted to expenditures for specified purposes. 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.

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 begin on page 24 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.

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. For this fiscal year, management had included the Title III C-1 fund as a major fund because of its importance even though this fund did not meet the quantitative criteria for a major fund.

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

OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 72 and 73. This information will be used by GOEA to verify the accuracy of 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.

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

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

The following amounts reflect condensed information on the Council's assets, liabilities, and net assets:

	2007	2006	Increase (Decrease)
Current and Other Assets:			
Current Assets	$ 262,786	$ 230,225	$ 32,561
Other Assets	3,050	7,857	(4,807)
Capital Assets, net of depreciation	98,527	87,697	10,830
Total Assets	364,363	325,779	38,584
Current Liabilities	15,225	19,115	(3,890)
Total Liabilities	15,225	19,115	(3,890)
Net Assets:			
Invested in Capital Assets	98,527	87,697	10,830
Restricted	71,314	40,222	31,092
Unrestricted	179,297	178,745	552
Total Net Assets	$ 349,138	$ 306,664	$ 42,474

As of June 30, 2007 and 2006, the Council "as a whole" had assets greater than its liabilities of $349,138 and $306,664, respectively. About 51% and 58% of the Council's total net assets are unrestricted as of June 30, 2007 and 2006, 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 20% and 13% of the Council's total net assets as of June 30, 2007 and 2006, 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.

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

The net assets that have been invested in capital assets are presented net of any related outstanding debt to acquire them. For the year presented, there is not any debt 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.

The following table illustrates the revenues and expenses that produced the change in net assets for fiscal years 2007 and 2006.

Revenues	2007	% of Total	2006	% of Total
Program Revenues:				
Charges for services	$ 164,675	23.66%	$ 91,987	12.11%
Operating Grants and Contributions	424,310	60.96%	520,947	68.58%
Capital Grants and Contributions	-	0.00%	-	0.00%
General Revenues:				
Unrestricted Grants and Contributions	102,395	14.71%	95,427	12.56%
Other General Revenues	4,712	0.68%	51,223	6.74%
Total Revenues	696,092	100.00%	759,584	100.00%
Direct Program Expenses of the Health, Welfare, and Social Services Function:				
Supportive Services:				
Priority Services:				
Transportation of the elderly	147,959	22.64%	134,516	19.42%
Other supportive services	39,045	5.97%	37,225	5.37%
Transportation Services-non-elderly	215,711	33.00%	284,345	41.05%
Nutrition Services:				
Congregate Meals	41,762	6.39%	34,114	4.92%
Home-delivered Meals	41,900	6.41%	44,129	6.37%
Food bank and vouchers	13,426	2.05%	10,427	1.51%
Other Health, Welfare & Social Services	9,203	1.41%	9,763	1.41%
Direct Administrative Expenses	144,612	22.12%	138,189	19.95%
Total Expenses	653,618	100.00%	692,708	100.00%
Excess of expenses over revenues before special items	42,474		66,876	
Special item - Gain on sale of vehicles	-		7,000	
Increase (Decrease) in Net Assets	42,474		73,876	
Net assets, beginning of year	306,664		232,788	
Net assets, end of year	$ 349,138		$ 306,664	

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

For fiscal year 2007, the Council's total revenues decreased $63,492 or 8.4% from fiscal year 2006, whereas total expenses for 2007 decreased by $39,090 or 5.6% from 2006. In FY 2006, the Council had a net gain of $44,774 from the casualty loss it incurred relating to Hurricane Katrina. The net gain means that the Council received more insurance proceeds than the net book value of the related assets that were damaged. Also in FY 2006, the Council received about $21,000 in donations from entities outside of Louisiana to help the Council as a direct result of Hurricane Katrina. When you disregard the gain from the insurance and casualty loss, plus the special donations received from out of state, total revenues actually increased $2,282 or 0.3% from last year. The net decrease in expenses this year versus last year was due primarily to a decrease in the demand for transportation services.

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 Washington 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 2007, total administration expenses were $144,612, or 22% of total expenses, whereas these same expenses were $138,189 or 20% of total expenses in 2006. The expense ratio for 2006 is slightly lower because the cost of direct services was higher in 2006 than in 2007 because Hurricane Katrina produced higher service demands in that year.

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, several governmental activities that do have revenues in excess of expenditures. These are discussed below.

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

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 Home Delivered Meals and Disease Prevention & Health Promotion 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.

Utility assistance, which is also shown as a Supportive Service on the Statement of Activities, is funded primarily by contributions made through various utility companies. These contributions can only be used to pay for utility bills for certain needy people who meet the guidelines to receive assistance. In a given year, the amount of contributions received in this program may exceed the demand from qualified recipients. This was the case in 2007. Net revenues from these contributions can only be used to provide utility assistance in future years.

Medicaid Prescription Drug Program Assistance was started in FY 2005 when the Council received a $15,000 grant from Ogilvy Public Relations Worldwide, Inc. for the purpose of enrolling senior citizens in a Medicare-approved drug discount card program. However, the Council did not spend all of the grant funds in FY 2005 and carried over the unused money ($5,056) to 2006. In FY 2006 and FY2007 the Council received an additional $11,606 from Capital Area Agency to supplement this program but the funds were more than expenses incurred to render the program's services. As a result, at June 30, 2007 the program has $8,905 in excess funds to carry over and use next year. The main purpose of this program changed in FY 2006 from helping people obtain drug discount cards to one of helping people choose a Medicare Part D prescription drug plan and enrolling them in the plan.

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

Fund Balances

The Council showed a combined governmental fund balance of $242,632 (as shown on the Fund Financial Statement's Balance Sheet) at the end of this year, which is an increase of $36,906 over the prior year. The General Fund increased by $35,614 this year, and the combined fund balances of the Special Revenue Funds increased by $1,292.

The primary reasons for the increase in the General Fund balance in 2007 can be attributed to an overall decrease in expenditures, plus a special $25,000 appropriation of PCOA funds by the Louisiana Legislature in June 2007.

Revenues

The combined fund revenues decreased $17,066 this year versus last year, as shown in the table below.

	2007	2006	Increase/ (Decrease) Amount	Percent
Intergovernmental	$ 473,129	$ 499,077	$ (25,948)	-5.20%
Public Support	53,137	77,805	(24,668)	-31.70%
Program Service Fees	164,674	130,600	34,074	26.09%
Interest Income	440	302	138	45.70%
Miscellanous	6,440	7,102	(662)	-9.32%
Total Revenues	$ 697,820	$ 714,886	$ (17,066)	-2.39%

Most of the Council's activities are funded by federal, state, and local grants. These grants, which comprise the Council's intergovernmental revenues, amounted to approximately 68% and 70% of the Council's total revenues in 2007 and 2006, 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
Washington Council on the Aging, Inc.
(Continued)

The $25,948 decrease in intergovernmental revenue in 2007 was primarily the result of the Council receiving $19,392 less from its Section 5311 grant, $30,107 less from its JARC grant, $23,535 less from Capital Area Agency on Aging, $6,699 more from United Way for the EFSP program, and $41,192 more in grant funds from GOEA versus 2006. The decrease in the Section 5311 grant was due to the Council shifting its emphasis from general public transportation to emergency transportation. The Louisiana Department of Transportation and Development (DOTD) received funding for emergency transportation and made these funds available to the Council in the wake of Hurricane Katrina. DOTD promoted the emergency transportation program and as a result the Council began reporting its services under this program, which resulted in much less reimbursement under the Section 5311 program. In other words, the Council had to pick between the two funding sources and it opted for the emergency transportation funding while it was available. When that program ended on December 31, 2006, management switched back to reporting costs under Section 5311, which caused those grant revenues to rise back to previous levels. The revenue earned under Section 5311 is recorded as intergovernmental revenue because the Council is considered a subrecipient whereas the Council reports funds earned under the emergency transportation funding as program service revenues because the Council is considered to be a vendor of the state.

The Council also receives public support in the form of restricted and unrestricted donations from its clients and the general public. The Council also holds fundraisers to generate public support. Public support allows the Council to maintain and expand services. Public support revenues represented 7.6% and 10.9% of the Council's total revenues for fiscal years 2007 and 2006, respectively. Public support comes from donations from the general public, client contributions, and the United Way.

Program service fees were $164,674 and $130,600, represented 23.6% and 18.3% of the Council's total revenues for 2007 and 2006, respectively. The reason for increase in program service fees is primarily because the fees charged under the Office of Family Support's STEP contract increased significantly, which produced $34,826 more program revenue in 2007.

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

Expenditures

Total expenditures decreased by $43,215 this year, as shown in the table below.

	2007	2006	Increase/ (Decrease) Amount	Percent
Personnel	$ 393,204	$ 401,188	$ (7,984)	-1.99%
Fringe	46,223	56,462	(10,239)	-18.13%
Travel	5,328	4,109	1,219	29.67%
Operating Services	68,490	86,851	(18,361)	-21.14%
Operating Supplies	57,945	65,523	(7,578)	-11.57%
Other Costs	31,120	32,403	(1,283)	-3.96%
Meals	23,933	17,996	5,937	32.99%
Utility Assistance	11,671	9,399	2,272	24.17%
Capital Outlay	23,000	23,663	(663)	N/A
Intergovernmental	0	6,535	(6,535)	N/A
	$ 660,914	$ 704,129	$ (43,215)	-6.14%

The decrease in personnel costs is primarily due to attrition. Fringe costs decreased this year primarily due to a decrease in workman's compensation premiums and payroll taxes associated with having fewer employees. The slight increase in travel costs is because the Council increased the rate to reimburse employees due to rising gasoline prices. The decrease in operating service expenditures is primarily attributable to decreases in insurance premiums. Management shopped around this year and was able to obtain adequate insurance coverage for less cost. Operating supplies showed a decrease in 2007 primarily due to a decrease in overall demand for transportation services, which in turn decreased it s vehicle fuel and supply costs. Other costs decreased in 2007 primarily because of the decrease in finance charges. Meal costs increased because the Council had to pay a larger share of the cost of providing meals in 2007 than it did in 2006. Utility assistance expenditures rose in 2007 because the demand for utility assistance increased and the Council had sufficient funds to meet the increased demand. Capital outlay expenditures in 2007 represent the replacement cost for a new roof for Bogalusa rental facility that had been damaged by Hurricane Katrina. There was no intergovernmental expenditures occurred in 2007, whereas in 2006 the Council had to pay the matching funds for the Town of Franklinton to acquire a vehicle for the Council's use. This type of intergovernmental expenditure does not occur each year.

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

AN ANALYSIS OF THE GENERAL FUND BUDGET

Over the course of this past fiscal year, the budget was amended one time. The amendment was approved at a Board of Directors meeting on September 28, 2006. The amendment effectively approves any expenditure that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA and Capital Area Agency.

A schedule presenting 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 on page 62. When reviewing the budget versus actual schedule, the reader will note that, even though some of the variances are rather large, the net favorable variance is $26,021. Some of the reasons for the overall favorable variance are: (1) an additional, unexpected $25,000 of PCOA grant funds were received from GOEA, (2) public support was budgeted to be $50,446 but the actual amount received was $8,988, (3) program service fees were budgeted to be $41,383 but the actual amount received was $116,308, and (4) the Council overall expended $65,449 less than what it expected. Differences in the transfer amounts reflect variances in the budgets of the other funds that have created larger than expected deficits that had to be cleared out by the end of the fiscal year by using General Fund money.

AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the Council had $98,527, in capital assets net of accumulated depreciation. This amount is a net increase over last year of $10,830, which is made up of additions of $23,000 less the current year depreciation expense of $12,170.

Capital Assets, Net of Depreciation

	June 30, 2007	June 30, 2006	Increase (Decrease)
Vehicles	$ -	$ 8,004	$ (8,004)
Equipment	2,060	2,626	(566)
Building and Improvements	87,467	68,067	19,400
Land	9,000	9,000	0
	$ 98,527	$ 87,697	$ 10,830

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

The only capital assets addition during the year was for a new roof ($23,000) at the Bogalusa rental facility. This repair was required to restore the building back to normal operating condition because of damages caused by Hurricane Katrina. The Council received insurance money last year to pay for the new roof.

The Council had three vans titled in its name at the end of the fiscal year. The Council also had the use of nine additional vans for which the Council paid the grant match but which are titled to the Town of Franklinton, the governmental agency that received the federal grant. There is a tenth van owned by the Town that the Council gets to use but the local match was not paid for by the Council. These ten vans are not included in the capital assets of the Council.

As of June 30, 2007, there are no outstanding purchase commitments to acquire any capital assets in FY 2008. The Council has no long-term debt related to its capital assets and does not like to incur any as a matter of policy.

More detailed information can be found about the Council's capital assets in Notes 1 and 4 to the financial statements.

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 services provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2008, it was important to management that at least the same level of service be delivered to clients and the public as were provided in FY2007. All the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2008. There have been 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 levels of service next year. CAAA has also approved the Council's budget for next year.

The Council has budgeted revenues of $712,316 and expenditures of the same amount for FY 2008.

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

On November 17, 2007 the voters of Washington Parish adopted a property tax that is expected to provide the Council about $300,000 of additional revenue in FY 2009. Management expects this new revenue source to have a significant favorable effect upon the Council's operations and ability to provide and expand its service levels.

CONTACTING THE COUNCIL'S MANAGEMENT

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

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SOCIETY OF LOUISIANA CPAs

MEMBER OF THE
AMERICAN INSTITUTE OF CPAs

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) as of and for the year ended June 30, 2007, 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 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, 2007, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 21, 2007, 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.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Management's Discussion and Analysis on pages 1 through 14 and budgetary comparison schedules on pages 62 through 68 are supplementary information required by accounting principles generally accepted in the United States of America. 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. None of the required supplementary financial information is required to be a part of the Council's basic financial statements. However, all of this supplementary information has been subjected to the auditing procedures I applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Neil Ferrari, CPA

Baton Rouge, Louisiana,
November 21, 2007.

Neil G. Ferrari, CPA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A

STATEMENT OF NET ASSETS

Washington Council on the Aging, Inc.

Franklinton, Louisiana

June 30, 2007

	Governmental Activities
ASSETS	
Current Assets:	
Cash	$ 173,439
Receivables:	
Capital Area Agency on Aging	20,825
Office of Family Support	3,168
Town of Franklinton	44,367
Other Entities	4,553
Prepaid expenses	16,434
Total current assets	262,786
Capital assets, net of accumulated depreciation	98,527
Other Asset - Prepaid expense for vehicle usage	3,050
Total Assets	364,363
LIABILITIES	
Current Liabilities:	
Accounts payable	1,083
Accrued payroll taxes	142
Insurance premiums withheld from payroll	236
Unearned revenue - JARC	3,274
Deferred revenue - EFSP	10,490
Total current liabilities	15,225
NET ASSETS	
Invested in Capital Assets	98,527
Restricted for:	
Supplies and Non-perishable Durable Goods for the Elderly	25,000
Nutrition Services - Home-delivered Meals	24,643
Utility Assistance	12,308
Medicaid Prescription Drug Program Assistance	8,905
Fans	458
Unrestricted:	
Designated for Home Repairs	12,650
Undesignated	166,647
Total Net Assets	$ 349,138

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

STATEMENT OF ACTIVITIES

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

Functions/Programs	Direct Expenses	Indirect Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Increase (Decrease) in Net Assets: Total Governmental Activities
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the elderly	$ 147,959	$ 45,473	$ 48,366	$ 93,375	$ 0	$ (51,691)
Homemaker	16,714	5,281	0	17,688	0	(4,307)
Information and Assistance	4,316	1,364	0	635	0	(5,045)
Outreach	3,115	984	0	444	0	(3,655)
Recreation	732	232	0	0	0	(964)
Telephoning	1,285	406	0	1,534	0	(157)
Utility Assistance	12,883	383	0	14,158	0	892
Transportation Services - non elderly:						
Job Access	88,105	26,760	0	85,868	0	(28,997)
General Public	127,606	38,494	116,236	82,309	0	32,445
Nutrition Services:						
Congregate Meals	41,762	13,197	0	33,264	0	(21,695)
Home Delivered Meals	41,900	9,732	0	69,144	0	17,512
Food bank & vouchers	13,426	0	0	13,426	0	0
Disease Prevention and Health Promotion	2,525	797	0	3,497	0	175
Family Caregiver Support	1,048	331	0	1,050	0	(329)
Medicaid Prescription Drug Assistance	3,458	0	0	6,300	0	2,842
Senior Citizen Activities	2,172	0	73	440	0	(1,659)
Administration	144,612	(143,434)	0	1,178	0	0
Total governmental activities	$ 653,618	$ 0	$ 164,675	$ 424,310	$ 0	$ (64,633)

General Revenues:		
Grants and contributions not restricted to specific programs	102,395	
Interest income	440	
Facility rental, net of direct depreciation	4,272	
Total general revenues		107,107
Total General Revenues		107,107
Increase (Decrease) in net assets		42,474
Net assets - beginning of the year		306,664
Net assets - end of the year		$ 349,138

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

FUND FINANCIAL STATEMENTS

FUND BALANCE SHEET
GOVERNMENTAL FUNDS

Washington Council on the Aging, Inc.
Franklinton, Louisiana
June 30, 2007

	General Fund	Title III B	Title III C-1	Title III C-2	Section 5311	JARC	EFSP	Non-Major Funds	Total Governmental Funds
ASSETS									
Cash	$ 144,755	$ 0	$ 58	$ 0	$ 0	$ 3,368	$ 10,688	$ 14,570	$ 173,439
Receivables:									
Capital Area Agency on Aging	0	5,705	205	8,218	0	0	0	6,697	20,825
Office of Family Support	3,168	0	0	0	0	0	0	0	3,168
Town of Franklinton	0	0	0	0	30,811	13,556	0	0	44,367
Other Entities	4,553	0	0	0	0	0	0	0	4,553
Prepaid expenditures	11,505	0	0	0	0	0	0	0	11,505
Due from other governmental funds	57,973	0	0	0	0	0	0	0	57,973
Total Assets	$ 221,954	$ 5,705	$ 263	$ 8,218	$ 30,811	$ 16,924	$ 10,688	$ 21,267	$ 315,830
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	157	323	263	45	0	94	198	3	1,083
Accrued payroll taxes	142	0	0	0	0	0	0	0	142
Insurance premiums withheld from payroll	236	0	0	0	0	0	0	0	236
Unearned revenue	0	0	0	0	0	3,274	0	0	3,274
Deferred revenue	0	0	0	0	0	0	10,490	0	10,490
Due to other governmental funds	0	5,382	0	8,173	30,811	13,556	0	51	57,973
Total Liabilities	535	5,705	263	8,218	30,811	16,924	10,688	54	73,198
Fund Balances									
Reserved, reported in:									
General Fund:									
Prepaid expenditures	11,505	0	0	0	0	0	0	0	11,505
Home-delivered meals	24,643	0	0	0	0	0	0	0	24,643
Supplies & Durable Goods for the Elderly	25,000	0	0	0	0	0	0	0	25,000
Fans	458	0	0	0	0	0	0	0	458
Unreserved, Designated reported in:									
General Fund - designated for home repairs	12,650	0	0	0	0	0	0	0	12,650
Unreserved/Undesignated, reported in:									
General Fund	147,163	0	0	0	0	0	0	0	147,163
Special Revenue Funds	0	0	0	0	0	0	0	21,213	21,213
Total Fund Balances	221,419	0	0	0	0	0	0	21,213	242,632
Total Liabilities and Fund Balances	$ 221,954	$ 5,705	$ 263	$ 8,218	$ 30,811	$ 16,924	$ 10,688	$ 21,267	

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	7,979
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds	98,527
Net Assets of Governmental Activities	$ 349,138

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

EXHIBIT D

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

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

	General Fund	Title III B	Title III C-1	Title III C-2	Section 5311	JARC	EFSP	Nonmajor Funds	Total Governmental Funds
REVENUES									
Intergovernmental:									
Capital Area Agency on Aging (CAAA)	$ 0	$ 87,722	$ 12,068	$ 44,942	$ 0	$ 0	$ 0	$ 12,025	$ 156,757
Governor's Office of Elderly Affairs	45,660	0	0	0	0	0	0	52,547	98,207
United Way of America	0	0	0	0	0	0	25,315	0	25,315
Town of Franklinton	0	0	0	0	102,782	85,868	0	0	188,650
Washington Parish Council	4,200	0	0	0	0	0	0	0	4,200
Public Support (Restricted):									
Client contributions	0	2,268	21,196	8,551	0	0	0	0	32,015
Various utility companies	0	0	0	0	0	0	0	12,134	12,134
Other donors	4,800	0	0	0	0	0	0	0	4,800
Public Support (Unrestricted):									
United Way	2,900	0	0	0	0	0	0	0	2,900
Other general public donations	1,288	0	0	0	0	0	0	0	1,288
Program Service Fees (charges for services):									
Transportation:									
DOTD	33,976	48,366	0	0	0	0	0	0	82,342
Office of Family Support	70,828	0	0	0	0	0	0	0	70,828
Public Fares	5,497	0	0	0	0	0	0	0	5,497
Other Entities	6,007	0	0	0	0	0	0	0	6,007
Interest Income	440	0	0	0	0	0	0	0	440
Miscellaneous:									
Rental of facilities	6,000	0	0	0	0	0	0	0	6,000
Miscellaneous	440	0	0	0	0	0	0	0	440
Total revenues	182,036	138,356	33,264	53,493	102,782	85,868	25,315	76,706	697,820
EXPENDITURES									
Health, Welfare, & Social Services:									
Current:									
Personnel	96,835	141,928	41,842	26,682	0	78,787	0	7,130	393,204
Fringe	12,826	17,788	3,930	3,198	0	7,908	0	573	46,223
Travel	525	3,341	724	443	0	284	0	11	5,328
Operating Services	22,930	27,605	3,945	3,904	0	9,872	85	149	68,490
Operating Supplies	18,929	22,816	1,593	4,811	0	9,157	510	129	57,945
Other Costs	6,131	5,863	1,448	403	0	2,440	0	14,835	31,120
Meals	0	0	0	0	0	0	23,933	0	23,933
Utility Assistance	0	0	0	0	0	0	787	10,884	11,671
Capital Outlay	23,000	0	0	0	0	0	0	0	23,000
Total expenditures	181,176	219,341	53,482	39,441	0	108,448	25,315	33,711	660,914
Excess of revenues over (under) expenditures	860	(80,985)	(20,218)	14,052	102,782	(22,580)	0	42,995	36,906
OTHER FINANCING SOURCES (USES)									
Operating transfers in	93,223	80,985	18,216	0	0	22,580	0	13,908	228,912
Operating transfers out	(58,469)	0	0	(14,850)	(102,782)	0	0	(52,811)	(228,912)
Net increase (decrease) in fund balances	35,614	0	(2,002)	(798)	0	0	0	4,092	36,906
FUND BALANCE (DEFICIT)									
Beginning of year	185,805	0	2,002	798	0	0	0	17,121	205,726
End of year	$ 221,419	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 21,213	$ 242,632

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

EXHIBIT E

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

Washington Council on the Aging, Inc.
Franklinton, Louisiana

For the year ended June 30, 2007

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	$	36,906
Governmental funds report the amounts the Council expends as local "matching" funds on capital assistance grants, which result in another government obtaining title to the capital assets acquired under the grants, as intergovernmental expenditures. However, because the Council gets to use the capital assets in lieu of having paid the required local match, the Council records the amounts it paid in the Statement of Net Assets as a prepaid expense, which will be amortized over the estimated useful lives of the capital assets.This reconciling amount represents the amount by which the amortization expense ($5,262) exceeded intergovernmental expenditures ($0) this year.		(5,262)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($23,000) exceeds depreciation ($12,170) in this year.		10,830
Increase (Decrease) of Net Assets of Governmental Activities	$	42,474

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

NOTES TO THE FINANCIAL STATEMENTS

Washington Council on the Aging, Inc.
Franklinton, Louisiana
June 30, 2007

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

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

a. Purpose of the Council on Aging

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

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

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

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

b. Reporting Entity

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

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

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

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

b. Reporting Entity - (Continued)

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

- Eleven members, who are at least 60 years old, shall be elected by the membership to represent seven different communities of Washington Parish.

- The Washington Parish Government and various public agencies, which serve the elderly, shall appoint four members.

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

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

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

b. Reporting Entity - (Continued)

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 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.

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. Governmental activities generally are supported by intergovernmental revenues.

In the government-wide Statement of Net Assets only one column of numbers has been presented. 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 like intergovernmental revenues, and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants 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)

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 that are provided by a specific function or program to people or other entities. Contributions, grants, interest income, and miscellaneous revenues that are not properly 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.

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 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.

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's fund financial statements, management chose to also include the Title III C-1 and Title III C-2 funds as major funds. 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 as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

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

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

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 brief description of the programs that comprise the Council's General Fund:

Local

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 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.

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs. The Council may use these "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years old. In fiscal year 2007, the Council transferred $7,643 and $13,017 of its PCOA funds to the Title III B fund and Title III C-1 fund, respectively, to pay for program expenditures that exceeded the grant reimbursements from CAAA for those programs.

Near the end of the fiscal year, the Louisiana legislature passed a supplemental appropriations bill that provided an additional $25,000 of PCOA funds to each council on aging in the state. The money was restricted by the state legislature for the purpose of purchasing supplies and other non-perishable durable goods for the elderly. The Council had not expended any of the $25,000 supplemental PCOA funds as of June 30, 2007. The money has been reserved by the Council for the purposes set forth by the state legislature and must be expended before September 30, 2007.

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)

Fundraiser

The Council held one fundraiser during the year for the purpose of raising additional funds to support the home-delivered meals program. The fundraiser consisted of a mail out to local businesses and residents to explain the purpose of the program and the need for money. The Council raised $4,550 from this fundraiser.

Local Transportation

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

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

- The Council participates in a contract with the Louisiana Department of Social Services' (DSS) Office of Family Support (OFS). This program provides transportation services to people who are participants in the STEP program. In FY 2007 the Council provided 2,737 trips under this contract, which generated $70,828 of program service fees.

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 will also transport people under age 60 who pay cash fare for the service. Passengers are charged a fee per one-way trip based on the distance of the trip. There were about 1,915 "cash fare" trips in FY 2007, which generated $5,497 of program service fees.

- As a result of Hurricane Katrina, the Council entered into a contract with the Louisiana Department of Transportation and Development (DOTD) to provide emergency transportation services to the people of Washington Parish through December 31, 2007. The service was available to all persons regardless of age or income. The Council was reimbursed at the rate of $10.96 per trip. During the fiscal year the Council provided 3,100 trips to non-elderly people and generated $33,976 of program service fees, which have been accounted for in this program of the General Fund. The Council also provided 4,413 trips to elderly persons under this contract and generated $48,366 of program service fees, which have been accounted for within the Title III B Fund because the trips involved elderly people.

- The Council also provided transportation services to Youthbuild LTI, the Regina Coeli Center, CCP Wound Care, Magnolia Behavioral, Resthaven Nursing Home, and the Washington Parish School Board. The services it provided these entities generated $6,007 of program service fees.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

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

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

Major Governmental Funds:

Title III B Fund

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

	Units
Information and Assistance	505
Outreach	268
Homemaker	902
Telephoning	4,108
Transportation for people age 60 or older	9,235
Recreation	1,999
Utility assistance	63

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Washington Parish. The Council maintains meal-sites in Franklinton, Pine, and Bogalusa. During the year the Council provided 26,327 meals to people eligible to participate in this program. The Council also provided 71 units of nutrition education under this program.

Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council provided 35,630 home-delivered meals. The Council also provided 164 units of nutrition education 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)

Section 5311 Fund

The Section 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation for Nonurbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within Washington Parish. Section 5311 funds are used as operating transfers to help pay for costs incurred in providing transportation services under the Council's various transportation programs.

JARC Fund

The JARC Fund was established to account for funds relating to the Job Access-Reverse Commute (JARC) program established by the Federal Transit Administration's Department of Transportation. The purpose of the JARC program is to improve "job access" by developing and financing transportation services to connect welfare recipients and low-income persons to employment and support services. The other component of JARC is "reverse commute." The Council does not provide any "reverse commute" services because Washington Parish is considered 100% rural. The Louisiana Department of Transportation and Development (DOTD) receives the JARC funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton.

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

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

JARC Fund - (Continued)

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

The TANF program was established by the U.S. Department of Health and Human Services' Administration for Children and Families to provide time-limited assistance to needy families with children so that the children can be cared for in their own homes or in the homes of relatives; to end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; to prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and to encourage the formation and maintenance of two-parent families.

Exhibit F
(Continued)

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)

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 who might currently be receiving assistance, as well as to assist those who are not receiving any. 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 Washington Parish's local United Way agency assists the Council in obtaining EFSP funds. During the fiscal year, $10,507 of EFSP funds were used to supplement the home delivered meals program. Utility assistance of $787 was provided to 6 people; food vouchers totaling $869 were distributed to 10 people to help them buy food; and $12,557 was donated to the Bogalusa Help Center to provide shelf stable meals for the community's food bank.

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 3,706 units of wellness service and 92 units of medication management to eligible participants.

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 accounts for funds relating to the National Family Caregiver Support program. The National Family Caregiver Support program provides multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. This program targets older, low-income individuals. Specific types of services that can be provided by this program include: Adult Day Care, Adult Day Health Care, Material Aid, Case Management, Personal Care, Counseling, Support Groups, Respite Care, Sitter Service, Information, and Assistance.

Eligible participants include (1) adult family members, or another adult person, who provides uncompensated in-home and community care to an older person who needs supportive services or (2) grandparents, or a person 60 years of age or older, who is related to a child by blood or marriage and (1) lives with the child, (2) is the primary caregiver, and (3) has a legal relationship to the child or is raising the child informally. During the year, the Council provided 8 units of information and assistance under this program.

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide community service centers at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council maintains three senior centers in Washington Parish. Senior Center funds can be used at management's discretion to support any of the Council's programs, which benefit the elderly. Accordingly, during the year, management transferred $47,579 and $1,868 of the Senior Center funds to the Title III B Fund and the Title III C-1 Fund, respectively, to subsidize the cost of providing services to the elderly in those 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)

Supplemental Senior Center Fund

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. The Council was one of the parish councils to receive a supplemental grant of $3,100. The Governor's Office of Elderly Affairs provided these funds to the Council. The money received by this fund during the year was transferred, $1,090 to the Title III B Fund and $2,010 to the Title III C-1 Fund to offset the cost of providing services to the elderly in those funds.

Audit Fund

The Audit Fund is used to account for funds that are to be used as a subsidy to pay for the cost of having an annual audit of the Council's financial statements. The full cost of the audit ($14,793) is charged to this fund. The audit costs that exceed the subsidy are paid for with a transfer of Local program funds. GOEA provided $1,178 of audit subsidy funds to the Council via the CAAA.

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. Helping Hands and WST program contributions can only be used to pay for direct services. However, the Council is able to keep 7% of any CLECO program funds for administrative purposes. During the year, the Council provided funds to 58 different people to assist them with paying their utility bills. Although each utility assistance program has its own unique benefit guidelines, a person can generally receive up to $200 of assistance three times within a year.

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

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

Medicare Prescription Drug Program Assistance Fund

This fund was initially used to account for the administration of a special $15,000 grant the Council received in FY 2005 from Ogilvy Public Relations Worldwide, Inc. for the purpose of enrolling senior citizens in a Medicare-approved drug discount card program. This service was continued into FY 2006 but phased out by the time that year ended. Afterwards, the Council's purpose for this fund changed to assisting senior citizens in choosing and enrolling in a Medicare Part D prescription plan. After Ogilvy's funds were consumed, the Council has provided services under this program with funds from Capital Area Agency on Aging. Through June 30, 2007, the Council has enrolled or assisted approximately 1,462 people.

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 6 months 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.

Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets in the government-wide financial statements.

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.

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. 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, the Council 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 the Council's 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 reserved 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)

h. Prepaid Expenses/Expenditures - (Continued)

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 with one exception. Disbursements made as "matching" payments to acquire vehicles that will be owned by another government are capitalized and amortized in the government-wide statements as prepaid expenses to better present the economies of this type of transaction and to keep from distorting the Council's transportation activities 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.

i. Capital Assets:

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

Government-Wide Financial Statements

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

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

i. Capital Assets: - (Continued)

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

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

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.

Exhibit F
(Continued)

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

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 government-wide statements. The Council did not have any non-current liabilities at year-end. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented anywhere else in these statements.

k. Unpaid Compensated Absences

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

l. Deferred Revenue

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 Balance Sheet, whichever the case might be, and the revenue is recognized.

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

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. Net Assets in the Government-wide Financial Statements

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

- Invested in capital assets – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not report any borrowings that were related to capital assets.

- Restricted net assets - This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- Unrestricted net assets – This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."

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

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

n. Net Assets in the Government-wide Financial Statements - (Continued)

- In cases where the Council holds fundraisers or solicits donations for the specific purpose of generating local public support for a specific program, the Council will use the restricted donations after it has first used up any grant funds and program income. This is the case with the net assets that are restricted for home-delivered meals. These restricted funds will be used to prevent unforeseen cuts in government grants from adversely affecting the home-delivered meals program.

o. Fund Equity - Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund Balance may be further classified as reserved and unreserved, with unreserved further split into designated and undesignated. Reserved means that the Council has "reserved" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated fund balances result when the Council's management intends to expend certain resources in a designated manner. Designations of fund balances can be changed at the discretion of the Council's Board of Directors. During the year, the Council's board of directors designated $12,650 of funds for home repairs.

p. 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.

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

q. **Allocation of Indirect Expenses**

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

r. **Elimination and Reclassifications**

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

Note 2 - Revenue Recognition

Revenues are recorded in the government-wide 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 are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are generally recorded as revenue in the period received.

Note 3 - Cash Management, Bank Deposits and Investments

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

The Council maintains a consolidated bank account at Parish National Bank to deposit most of the funds it receives and to pay its bills. The consolidated bank account is available for use by all funds; however, EFSP funds are managed through a separate account at Parish National Bank. 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.

Cash is reported at its carrying amount, which equals its fair value. At year-end, the carrying amount of the Council's cash balances on the books was $173,439, which includes $36 of petty cash, whereas the bank balances totaled $158,224. The difference in the book and bank balances relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end. At year-end, $100,000 of the bank balances were insured 100% by federal depository insurance. The remaining $58,224 is uninsured but the bank has collateralized this amount by pledging securities, which are being held at the First National Banker's Bank, Baton Rouge, Louisiana on behalf of the Council.

For purposes of the Statement of Net Assets, the cash balance of $173,439 is comprised of restricted cash of $64,670 and unrestricted cash of $108,769. 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.

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

Exhibit F
(Continued)

Note 4 - Changes in Capital Assets and Accumulated Depreciation

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

Capital Assets Being Depreciated	Balance June 30, 2006	Additions	Decreases	Balance June 30, 2007
Vehicles	$ 56,439	$ 0	$ 0	$ 56,439
Equipment	23,683	0	0	23,683
Buildings & Improvements	120,981	23,000	0	143,981
Land	9,000	0	0	9,000
Total Capital Assets	210,103	23,000	0	233,103
Less Accumulated Depreciation:				
Vehicles	48,435	8,004	0	56,439
Equipment	21,057	566	0	21,623
Buildings & Improvements	52,914	3,600	0	56,514
Total Accumulated Depreciation	122,406	12,170	0	134,576
Capital Assets Net of Depreciation	$ 87,697	$ 10,830	$ 0	$ 98,527

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

Depreciation was charged to governmental activities as follows:

Administration	$ 2,438
Supportive Services:	
Transportation of the Elderly	1,754
Transportation Services:	
Job Access	2,601
General Public	3,649
Total depreciation expense for governmental activities	$ 10,442

Note 4 - Changes in Capital Assets and Accumulated Depreciation - (Continued)

The $2,438 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 ($8,004) are charged as direct expenses to their related functions on the Statement of Activities.

Note 5 - Prepaid Expenditures and Expenses

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

Insurance premiums	$ 11,144
Other prepaid expenditures	361
Total prepaid expenditures	$ 11,505

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

	Current Portion	Noncurrent Portion
Insurance premiums	$ 11,144	$ 0
Other prepaid expenses	361	0
Vehicle usage	4,929	3,050
Total prepaid expenses	$ 16,434	$ 3,050

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

Note 5 - Prepaid Expenditures and Expenses - (Continued)

The difference between prepaid expenditures and prepaid expenses arises from transactions wherein the Council on Aging (COA) puts up all the "matching funds" under capital assistance grants the Town of Franklinton (Town) enters into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles that the COA will use to provide public transportation to the general public of Washington Parish. The vehicles are titled in the name of the Town but the COA uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the COA expends for the grant match are first recorded as a deposit in its Fund Balance Sheet and Statement of Net Assets when the funds are remitted to DOTD. Upon delivery of the vehicle to the COA, the deposit is reversed as an intergovernmental expenditure in the COA's fund financial statements. However, in the government-wide statements, the deposit is reclassified as a prepaid expense and amortized over the estimated useful life of the vehicle (60 months). The COA's management believes presenting the van match transactions in this manner in the government-wide financial statements will best present the economics of this type of transaction. A written lease exists between the Town and the COA that sets forth the terms of the agreement to use the Town's vehicles. This type of cooperative agreement to provide public transportation to the residents of Washington Parish has been used for many years.

Note 6 - Fund Balances - Fund Financial Statements

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 this policy.

At year-end, a special revenue fund, the Utility Assistance Fund, had a remaining fund balance of $12,308. The fund balance represents restricted contributions that have not been spent in accordance with the restrictions placed upon them by the utility companies that solicited the contributions from their customers and subsequently passed them on to the Council. The Council's management has elected to separately account for the utility assistance contributions 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 6 - Fund Balances - Fund Financial Statements - (Continued)

Also, another special revenue fund, the Prescription Drug Discount Card Fund, had a remaining fund balance of $8,905. The money remaining in this fund was awarded to the Council in FY 2006 and FY 2007 by Capital Area Agency on Aging. The Council intends to use the unspent funds to continue its promotion, enrollment, and education activities under this program. Accordingly, the unspent funds will remain in this fund until they are consumed.

At year-end, the General Fund has $61,606 of reserved funds that consist of the following:

- $24,643 - donated funds for home delivered meals
- $25,000 - unused amount from a supplemental appropriation bill passed by the Louisiana legislature for supplies and other non-perishable durable goods for the elderly
- $11,505 - prepaid expenditures
- $ 458 - funds to buy fans for the elderly

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.

Exhibit F
(Continued)

Note 7 - In-Kind Contributions - (Continued)

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

The Council on Aging (COA) also receives in-kind support for its transportation programs. The COA has a fleet of 13 vehicles that it uses to provide public transportation in Washington Parish. Of the 13 vehicles, the Town of Franklinton (Town) owns 10 and the COA owns 3. The ten vehicles owned by the Town were all acquired under capital assistance grants wherein the federal government paid for 80% of the vehicle's cost and the remainder had to be paid for with local "matching" funds. The COA put up all the money for the local match for 9 of the 10 vehicles so that the Town could acquire them. The Town received a rural development grant that it used as the local match for the tenth vehicle. In return for putting up the matching funds, the Town permits the COA to use the vehicles as long as they are operational. Therefore, the COA is receiving an in-kind contribution from the Town for the use of the vehicles owned by the Town. Management has estimated the in-kind use of the Town's vehicles to be $21,538 for the fiscal year. The estimate was derived by first determining the amount the federal government paid for its share of the "match" for the vehicles. Then, the amount of federal match for each vehicle was amortized from the date at which the COA began using each vehicle using a 60-month estimated useful life. The amount for the period July 1, 2006 through June 30, 2007 was deemed to be the value of the Town's in-kind contribution for vehicle usage. If the in-kind contribution for the vehicles had been recorded in the Statement of Activities, the allocation amongst the Council's transportation programs would have been $9,436 for Elderly Transportation, $8,750 for Local Transportation, and $3,352 for Job Access Transportation.

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. It 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 - Judgments, Claims, and Similar Contingencies

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

Note 11 - Contingencies - Grant Programs

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

Note 12 - Economic Dependency

The Council receives significant intergovernmental revenue directly from GOEA and indirectly from grants administered by CAAA on behalf of GOEA. The Louisiana Department of Transportation and Development also provides the Council with significant grant funds through the Town of Franklinton. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal or state level or the Council loses or fails to reapply for a grant, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in fiscal year 2008 relating to these grants.

Note 13 - 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 14 - Deferred Compensation Plan

The Council and its qualified employees participate in the State of Louisiana's Public Employees Deferred Compensation Plan, which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Great-West Life and Annuity Insurance Company administers the plan. The Plan is available to all employees who have worked at least six months. The Plan permits participating employees to defer up to the lesser of (1) 100% of their compensation or (2) $15,000 ($20,000 if over 50 years of age) per year. In addition, the Council will "match" one-half of any percentage less than or equal to 6% of a participant's deferral amount. All amounts contributed to the Plan by the employees and the Council are non-forfeitable thereby making them 100% vested by

Note 14 - Deferred Compensation Plan - (Continued)

the employees. During this year, $7,331 was contributed to the Plan via employee salary deferrals. The Council contributed $3,664 as its matching share. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. Participation in the deferred compensation plan is at the option of each employee. The Council does not guarantee the benefits of any amounts contributed to the insurance company.

Note 15 - Encumbrance (Purchase Commitment)

There are no encumbrances or purchase commitments outstanding as of year end.

Note 16 - Lease Commitment

On June 5, 2003 the Council entered into a joint endeavor agreement with the City of Bogalusa (the City) wherein the Council will lease from the City a building known as the Bogalusa Senior Center. The initial term of the lease will be for 5 years and will renew automatically for another 5 year term provided the Council is in compliance with the terms of the agreement and the Council has not given notice that it does not want to renew the lease. The annual lease payment is $1. Terms of the lease require the Council to (1) pay for all the utilities of operating the building, (2) pay for repairs that costs less than $301, (3) be responsible for daily maintenance and cleaning, and (4) furnish property and liability insurance coverage for the building and the Council's personal property contained therein. Note that beginning in October 2004, the City relieved the Council of paying for the monthly utilities for this location and began paying them on behalf of the Council. Also, beginning July 1, 2005 the City did not require the Council to pay the $1 annual rent amount. See Note 7 (In-kind Contributions) in this report for additional information about the arrangement the Council has with the City relating to this facility.

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	$ 5,382	$ 0
Title III C-2	8,173	0
Section 5311	30,811	0
JARC	13,556	0
Nonmajor Funds in the aggregate	51	0
Totals for the General Fund	57,973	0
Special Revenue Funds:		
Major Funds:		
Title III B:		
General Fund	0	5,382
Title III C-2:		
General Fund	0	8,173
Section 5311:		
General Fund	0	30,811
JARC Fund:		
General Fund	0	13,556
Nonmajor Funds in the aggregate:		
General Fund	0	51
Totals for Special Revenue Funds	$ 0	$ 57,973
Totals for All Funds	$ 57,973	$ 57,973

Exhibit F
(Continued)

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	$ 7,643
Title III C-1 Fund	0	14,338
Title III C-2 Fund	14,850	0
Section 5311 Fund	78,109	0
JARC Fund	0	22,580
Nonmajor Funds in the aggregate	264	13,908
Total General Fund	93,223	58,469
Title III B-Fund:		
General Fund	$ 7,643	$ 0
Section 5311 Fund	24,673	0
Nonmajor Funds in the aggregate	48,669	0
Total Title III B Fund	80,985	0
Title III C-1 Fund:		
General Fund	$ 14,338	$ 0
Nonmajor Funds in the aggregate	3,878	0
Total Title III C-1 Fund	18,216	0
Title III C-2 Fund:		
General Fund	$ 0	$ 14,850
Total Title III C-2 Fund	0	14,850
Section 5311 Fund:		
General Fund	$ 0	$ 78,109
Title III B Fund	0	24,673
Total Section 5311 Fund	0	102,782
JARC Fund:		
General Fund	$ 22,580	$ 0
Total JARC Fund	22,580	0
Nonmajor Funds in the aggregate:		
General Fund	$ 13,908	$ 264
Title III B Fund	0	48,669
Title III C-1 Fund		3,878
Nonmajor Funds	0	0
Total for Nonmajor Funds	13,908	52,811
Grand Totals	$ 228,912	$ 228,912

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 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.

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION BY GASB 34

Budgetary Comparison Schedule - General Fund

Washington Council on the Aging, Inc.
Franklinton, Louisiana

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	$ 20,660	$ 20,660	$ 45,660	$ 25,000
Washington Parish Council	4,200	4,200	4,200	0
Public Support - restricted	32,128	32,128	4,800	(27,328)
Public Support - unrestricted	18,345	18,318	4,188	(14,130)
Program Service Fees	54,279	41,383	116,308	74,925
Interest Income	500	500	440	(60)
Miscellaneous	6,000	6,000	6,440	440
Total Revenues	136,112	123,189	182,036	58,847
EXPENDITURES				
Current:				
Personnel	124,698	131,520	96,835	34,685
Fringe	22,262	23,420	12,826	10,594
Travel	126	127	525	(398)
Operating Services	37,904	27,379	22,930	4,449
Operating Supplies	32,805	33,022	18,929	14,093
Other Costs	7,626	7,657	6,131	1,526
Meals	500	500	0	500
Capital Outlay	23,000	23,000	23,000	0
Total Expenditures	248,921	246,625	181,176	65,449
Excess of expenditures over revenues	(112,809)	(123,436)	860	124,296
OTHER FINANCING SOURCES (USES)				
Transfers in	157,202	167,802	93,223	(74,579)
Transfers out	(34,800)	(34,773)	(58,469)	(23,696)
Total other financing sources and uses	122,402	133,029	34,754	(98,275)
Net increase (decrease) in fund balance	$ 9,593	$ 9,593	35,614	$ 26,021
FUND BALANCE				
Beginning of year			185,805	
End of year			$ 221,419	

See notes to required supplementary information.

Budgetary Comparison Schedule - Title III B Fund

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	$ 82,953	$ 82,953	$ 87,722	$ 4,769
Public Support	3,386	3,386	2,268	(1,118)
Program Service Fees	0	0	48,366	48,366
Total Revenues	86,339	86,339	138,356	52,017
EXPENDITURES				
Current:				
Personnel	104,371	93,044	141,928	(48,884)
Fringe	17,868	15,596	17,788	(2,192)
Travel	2,632	2,625	3,341	(716)
Operating Services	27,131	15,919	27,605	(11,686)
Operating Supplies	22,507	17,897	22,816	(4,919)
Other Costs	3,614	2,944	5,863	(2,919)
Capital Outlay	0	0	0	0
Total Expenditures	178,123	148,025	219,341	(71,316)
Excess of expenditures over revenues	(91,784)	(61,686)	(80,985)	(19,299)
OTHER FINANCING SOURCES (USES)				
Transfers in	91,784	61,686	80,985	19,299
Transfers out	0	0	0	0
Total other financing sources and uses	91,784	61,686	80,985	19,299
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

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	$ 14,550	$ 14,550	$ 12,068	$ (2,482)
Public Support	20,436	22,027	21,196	(831)
Total Revenues	34,986	36,577	33,264	(3,313)
EXPENDITURES				
Current:				
Personnel	47,833	49,166	41,842	7,324
Fringe	4,996	5,131	3,930	1,201
Travel	307	309	724	(415)
Operating Services	5,041	5,183	3,945	1,238
Operating Supplies	2,762	2,736	1,593	1,143
Other Costs	1,442	1,455	1,448	7
Capital Outlay	0	0	0	0
Total Expenditures	62,381	63,980	53,482	10,498
Excess of expenditures over revenues	(27,395)	(27,403)	(20,218)	7,185
OTHER FINANCING SOURCES (USES)				
Transfers in	27,395	27,403	18,216	(9,187)
Transfers out	0	0	0	0
Total other financing sources and uses	27,395	27,403	18,216	(9,187)
Net increase (decrease) in fund balance	$ 0	$ 0	(2,002)	$ (2,002)
FUND BALANCE				
Beginning of year			2,002	
End of year			$ 0	

See notes to required supplementary information

Budgetary Comparison Schedule - Title III C-2 Fund

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	$ 44,942	$ 44,942	$ 44,942	$ 0
Public Support	4,395	5,212	8,551	3,339
Total Revenues	49,337	50,154	53,493	3,339
EXPENDITURES				
Current:				
Personnel	28,657	30,594	26,682	3,912
Fringe	3,065	3,260	3,198	62
Travel	274	275	443	(168)
Operating Services	7,373	6,078	3,904	2,174
Operating Supplies	9,152	9,127	4,811	4,316
Other Costs	816	820	403	417
Meals	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	49,337	50,154	39,441	10,713
Excess of expenditures over revenues	0	0	14,052	14,052
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	0	0	(14,850)	(14,850)
Total other financing sources and uses	0	0	(14,850)	(14,850)
Net increase (decrease) in fund balance	$ 0	$ 0	(798)	$ (798)
FUND BALANCE				
Beginning of year			798	
End of year			$ 0	

See notes to required supplementary information

Budgetary Comparison Schedule - Section 5311 Fund

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Town of Franklinton	$ 166,767	$ 166,767	$ 102,782	$ (63,985)
Total Revenues	166,767	166,767	102,782	(63,985)
EXPENDITURES				
Current:				
Personnel	0	0	0	0
Fringe	0	0	0	0
Travel	0	0	0	0
Operating Services	0	0	0	0
Operating Supplies	0	0	0	0
Other Costs	0	0	0	0
Total Expenditures	0	0	0	0
Excess of revenues over expenditures	166,767	166,767	102,782	(63,985)
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	(166,767)	(166,767)	(102,782)	63,985
Total other financing sources and uses	(166,767)	(166,767)	(102,782)	63,985
Net increase (decrease) in fund balance	$ 0	$ 0	0	$ 0
FUND BALANCE				
Beginning of year			0	
End of year			$ 0	

See notes to required supplementary information.

Budgetary Comparison Schedule - JARC Fund

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Town of Franklinton	$ 132,000	$ 132,000	$ 85,868	$ (46,132)
Total Revenues	132,000	132,000	85,868	(46,132)
EXPENDITURES				
Current:				
Personnel	48,681	52,812	78,787	(25,975)
Fringe	9,477	10,180	7,908	2,272
Travel	63	64	284	(220)
Operating Services	11,777	8,590	9,872	(1,282)
Operating Supplies	9,875	9,942	9,157	785
Other Costs	1,811	1,824	2,440	(616)
Total Expenditures	81,684	83,412	108,448	(25,036)
Excess of revenues over (under) expenditures	50,316	48,588	(22,580)	(71,168)
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	22,580	22,580
Transfers out	(50,316)	(48,588)	0	48,588
Total other financing sources and uses	(50,316)	(48,588)	22,580	71,168
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 - EFSP Fund

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
United Way of America	$ 22,702	$ 22,702	$ 25,315	$ 2,613
Total Revenues	22,702	22,702	25,315	2,613
EXPENDITURES				
Current:				
Operating Services	0	0	85	(85)
Operating Supplies	450	450	510	(60)
Meals	19,500	19,500	23,933	(4,433)
Utility Assistance	2,752	2,752	787	1,965
Total Expenditures	22,702	22,702	25,315	(2,613)
Excess of revenues over (under) expenditures	0	0	0	0
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Total other financing sources and uses	0	0	0	0
Net increase (decrease) in fund balance	$ 0	$ 0	0	$ 0
FUND BALANCE				
Beginning of year			0	
End of year			$ 0	

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNCIL ON THE AGING, INC.
FRANKLINTON, LOUIISANA

FOR THE YEAR ENDED JUNE 30, 2007

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 re-budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicle delivered in another year.

- The budget is prepared on a modified accrual basis, consistent with the basis of accounting for governmental funds, for comparability of budgeted and actual revenues and expenditures.

- Budgeted amounts included in the accompanying required supplementary information include the original adopted budget amounts and all subsequent amendments. During the fiscal year, management amended the budget one time. The Council's Board of Directors approved a budget amendment at a regularly scheduled meeting on September 28, 2006, using a procedure similar to the one used to approve the original budget. The budget amendment was sent to CAAA for compliance approval and was subsequently approved.

- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

- The Council may transfer funds between line items as often as required but must obtain compliance approval from the CAAA and the Governor's Office of Elderly Affairs for funds received under grants and contracts from these agencies. As a part of their compliance, CAAA and GOEA require management to amend the budget in cases where actual expenditures for a particular line item exceed their budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.

- 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.

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

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

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

	Medicaid Prescription Drug Assistance	Title III D	Title III E	Senior Center	Supple. Senior Center	Audit	Utility Assistance	Totals
REVENUES								
Intergovernmental:								
Capital Area Agency on Aging (CAAA)	$ 6,300	$ 3,497	$ 1,050	$ 0	$ 0	$ 1,178	$ 0	$ 12,025
Governor's Office of Elderly Affairs	0	0	0	49,447	3,100	0	0	52,547
Public Support (Restricted):								
Various utility companies	0	0	0	0	0	0	12,134	12,134
Total revenues	6,300	3,497	1,050	49,447	3,100	1,178	12,134	76,706
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Personnel	3,146	2,814	1,170	0	0	0	0	7,130
Fringe	247	231	95	0	0	0	0	573
Travel	0	8	3	0	0	0	0	11
Operating Services	0	105	44	0	0	0	0	149
Operating Supplies	65	45	19	0	0	0	0	129
Other Costs	0	30	12	0	0	14,793	0	14,835
Utility Assistance	0	0	0	0	0	0	10,884	10,884
Total expenditures	3,458	3,233	1,343	0	0	14,793	10,884	33,711
Excess of revenues over (under) expenditures	2,842	264	(293)	49,447	3,100	(13,615)	1,250	42,995
OTHER FINANCING SOURCES (USES)								
Operating transfers in	0	0	293	0	0	13,615	0	13,908
Operating transfers out	0	(264)	0	(49,447)	(3,100)	0	0	(52,811)
Net increase (decrease) in fund balances	2,842	0	0	0	0	0	1,250	4,092
FUND BALANCE (DEFICIT)								
Beginning of year	6,063	0	0	0	0	0	11,058	17,121
End of year	$ 8,905	$ 0	$ 0	$ 0	$ 0	$ 0	$ 12,308	$ 21,213

COMPARATIVE SCHEDULE OF CAPITAL ASSETS
AND CHANGES IN CAPITAL ASSETS

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Capital Assets				
Vehicles	$ 56,439	$ 0	$ 0	$ 56,439
Equipment	23,683	0	0	23,683
Buildings & improvements	120,981	23,000	0	143,981
Land	9,000	0	0	9,000
Total capital assets	$ 210,103	$ 23,000	$ 0	$ 233,103
Investment in Capital Assets				
Property acquired with funds from -				
Title III B	$ 4,502	$ 0	$ 0	$ 4,502
Title III C-1	4,239	0	0	4,239
Title III C-2	19,434	0	0	19,434
Title III D	98	0	0	98
Senior Center	840	0	0	840
FTA	18,024	0	0	18,024
Local	117,966	23,000	0	140,966
Acquired before 1985	45,000	0	0	45,000
Total investment in capital assets	$ 210,103	$ 23,000	$ 0	$ 233,103

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MEMBER OF THE AMERICAN INSTITUTE OF CPAs

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

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

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) as of and for the year ended June 30, 2007, which collectively comprise the Council's basic financial statements and have issued my report thereon dated November 21, 2007. 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 audit 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.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily disclose all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control. I consider deficiencies identified in the accompanying schedule of findings and questioned costs as 2007-1 through 2007-11 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies identified above, I consider items 2007-01 and 2007-2 to be material weaknesses.

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.

The Council's written response to the significant deficiencies and material weaknesses identified in my audit is presented in the audit reporting package as Management's Corrective Action Plan. I did not audit the Council's response and, accordingly, I express no opinion on it.

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.

Neil Ferrari, CPA

Baton Rouge, Louisiana,
November 21, 2007.

Neil G. Ferrari, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2007

I have audited the financial statements of the Washington Council on the Aging, Inc., Franklinton, Louisiana as of and for the year ended June 30, 2007, and have issued my report thereon dated November 21, 2007. 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. My audit of the financial statements as of June 30, 2007 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control over Financial Reporting and on Compliance and Other Matters Material to the Financial Statements

Internal Control:

Significant Deficiencies — X Yes __ No

- Findings 2007-1 through 2007-11

Material Weaknesses — X Yes __ No

- Findings 2007-1 and 2007-2

Compliance:

Compliance Material to Financial Statements — __ Yes X No

b. Federal Awards
Federal award expenditures were less than $500,000. Accordingly, this section is not applicable.

c. Identification of Major Programs – This section is not applicable.

d. SAS 112 or Other Management Letter
The auditor did not issue a SAS 112 letter because the information reported as findings in this section would be what would have been reported using a SAS 112 letter.

Section II - Financial Statement Findings and Questioned Costs

Finding2007-1: Errors Noted in Allocating Costs From the Transportation Cost Pool and the Indirect Cost Pool

During the audit I found that the Council allocated too much direct and indirect cost to its local transportation program because it made a logic error in applying a cost distribution formula. The error was made because the Council considered the trips provided to the elderly under DOTD's Emergency Transportation program as local transportation rather than as elderly transportation when allocating costs. The number of trips by program is used as the basis for allocating costs to the various transportation programs from the transportation cost pool.

Because the direct transportation costs were incorrectly allocated, so were the indirect costs because they are based on direct costs classified by program. The errors were corrected by journal entry to properly present the financial statements.

This matter should be easy to correct for FY 2008 because the DOTD Emergency Transportation program has ended, thereby making the calculation less complex.

Recommendation: When new programs arise in future years, the Council should carefully think through the logic of how the new programs might affect the cost allocations and the financial statement presentation to minimize the risk of making allocation errors.

Finding 2007-2: Errors Noted in JARC and Section 5311 Reports

I reviewed the annual summary of costs reported to DOTD under the JARC program and determined that the Council had underreported its monthly costs for July through April. The error that had been made each month from July through April was identified and corrected by the bookkeeper when she prepared the May and June reports. The effect is that the Council may have "shorted" itself about $19,000 to $20,000 of reimbursements under this program for the 10 months that it had been making the error. However, the error was mitigated because the Council included the underreported JARC costs on the Section 5311 reports for July through April. The COA gets reimbursed 50% of the net transportation costs under the 5311 program, so the COA got compensated for about half of its JARC error by way of the 5311 program.

When I discovered the error, I also investigated the procedure of preparing and reviewing the reports and found that no one is reviewing the bookkeeper's JARC reports in detail each month and that some of the costs on the JARC reports do not parallel the costs being allocated to JARC within QuickBooks.

Recommendation: I recommend the Council design its JARC and 5311 cost reimbursement reporting process to (1) require a documented supervisory review of the reports and underlying work papers each month and (2) establish a documented link between the data on the reports and the data in the accounting system.

Finding 2007-3: Meals Served Under the C-1 Program May Have Been Served to Ineligible Participants or Served in Improper Situations

I noted that an office worker in Franklinton who was under 60 years old had been signing in on the daily meal roster using her husband's name and then eating a congregate meal. The meal was then counted as a unit of service and reported to Capital Area Agency for reimbursement. The person who ate the meal stated she made a daily donation but did not pay the guest fee. She further stated she believed she was eligible to eat the meal and count it based on the fact her husband had turned 60 and there was nothing in the written rules that stated he had to accompany her to the meal site and eat a meal too. This situation arose in early June so that the number of improper meals served and reported was only 14 as of June 30. However, there could be more ineligible meals after June 30 up to August 29, the date I discovered the error.

I investigated the rules with Mary Tonore at GOEA and she told me that this worker's husband must accompany her to the site and eat a meal. Even though the spouse who works at the COA is under 60 she would be deemed an eligible participant if she and her husband had been properly enrolled into the program and he accompanied her at lunch. No fee would be required of either person to eat and both meals could be counted as bona fide units of service. I want to point out that the written policy at GOEA does not go into detail about how the procedure works in this type of situation. The rule is merely one of an orally understood policy and this has created part of the misunderstanding. GOEA acknowledged the written policy should be clarified and plans to do so.

Another possible deviation from the congregate meals rules might have occurred at Franklinton relating to the application of the rules governing transfer meals. Transfer meals arise when a "regular" congregate meal attendee cannot come to the site and eat a meal due to an infirmity. The COA is notified of the infirmity and sends out a meal to the regular participant for a few days until he can return to the site and resume his congregate meal activities. In the case I encountered, the site manager had been issuing transfer meals on a regular basis to her mother who was supposedly a regular attendee. However, it was hard to know if the mother was attending regularly or not because the site manager had been signing her mother's name to the daily sign in sheet. Further, her mother had been driving to the site to pick up her meal, which indicates that she may not have been disabled enough to have qualified for the transfer meal.

Recommendations: Management should meet with the Council's meal site managers to make sure they know the rules about under age spouses being able to request and eat a congregate meal without having to pay. Even though the state's written policy does not explicitly describe the rules in detail, the Council should follow GOEA's interpretation of the rule for people under age 60 eating meals with their spouse who is age qualified. In addition, management should review the rules surrounding transfer meals with all site workers and review the daily list of who received such a meal and why. Management should document the review and approval of the transfer meals by initialing next to each person's name on the transfer sheet. The people who appear on the transfer meal list for more than a few times should have someone visit their house and assess the true need.

Finding 2007-4: Classification of Revenues is Not Always Reviewed and Documented

When funds are received or earned the bookkeeper usually makes the decision on how they should be classified in the general ledger. If the bookkeeper feels unsure about the classification, she will consult with the Council's Executive Director about how to best classify the income. The Council has a design deficiency in its system of recording revenues because the Council's procedure in this area of bookkeeping does not require the bookkeeper's supervisor to always review the classification of all revenues and document her review of the classification.

One example of where I noticed a revenue classification error had been made relates to a fundraising letter the Council mailed out to solicit funds. When the money was received the revenue was classified as unrestricted public support. Upon review of the letter, it appeared that the reason given to the prospective donors was that their donations would be used for home-delivered meals, so I proposed an adjustment to reclassify the funds to restricted public support.

I noted a couple of other instances where revenues had not been properly classified in the books during the year and the errors were not caught until the audit began.

Recommendation: The Council's procedure in this area needs to be designed to require the Executive Director to review the classification of all receipts and revenues recorded on the Council's books each month and to document her review. In addition, I recommend that letters of solicitation or fundraisers be clear as to the purpose for the use of the funds that are donated so that they can be properly tracked and recorded.

Finding 2007-5: Written Accounting Policies and Procedures Do Not Exist for All Areas

The Council's accounting system has a design deficiency in that written policies and procedures do not exist for the major areas governing accounting. Although the same people have been doing the accounting for many years, internal control over accounting can be improved and errors prevented if management would examine its current processes and prepare written policies and procedures. If any of the key people in the process would leave the Council, a new employee will not have the experience to know how to perform her job duties and errors could arise and not be timely detected.

Recommendation: I recommend the Council identify the significant accounting processes and prepare written policies and procedures as soon as possible. Management can draw upon the experience of the current staff to establish policies and procedures that have been long-standing in better detail than if it waited to do them at a later time.

<u>Finding 2007-6: Management Approval Should be Obtained Before Adding or Deleting Accounts in the Chart of Accounts</u>

During the audit I found that accounts are being added or made inactive by the bookkeeper without approval from her supervisor. Most of the accounts that were added were unnecessary because the chart of accounts has been designed to accommodate most of the types of transactions that occur routinely at the Council. Adding, deleting, or making accounts inactive could alter the way information is presented within the books. For example, this could affect comparisons with budgeted amounts and amounts presented in previous years' financial statements.

Recommendation: Whenever the bookkeeper believes a new account is necessary, or an old account is no longer needed, she should consult with the Council's Executive Director to make the change. The request should be made in writing with an explanation of the reasons behind the changes. The Executive Director can document her approval or denial on the request and maintain it in a file for reference purposes.

<u>Finding 2007-7: Supervisory Approvals Are Not Always Fully Documented</u>

I noted during the audit that supervisors will review documents or a subordinate's work but fail to initial the related documents to designate their review and date the documents to note the date the procedure was performed.

Recommendation: Supervisors should be alerted to always sign or initial related documents to show they have performed a supervisory review of a subordinate's work and date the document to show when it was done. This procedure could be incorporated into finding 2007-2 when written procedures are developed for the accounting process.

Finding 2007-8: Budget Data Should Be Input Into the Accounting System to Enable Comparative Reports to be Generated and Used by Management

The Council prepares a comprehensive budget for all of its programs and activities but has not input the budget data into the accounting software so that comparative reports can be easily generated and used by management to monitor budget versus actual results. As a result, the persons trying to make financial decisions about the Council's operations during the year could be at a disadvantage in knowing the Council's most current financial position and results of operations.

Recommendation: I recommend the Council take steps to input the budget data into its accounting software and begin to generate monthly reports that management can use to better assess the financial picture of the Council.

Finding 2007-9: Revenues Earned Are Not Entered Into the Books Until Received

The bookkeeper is not entering revenues due to the Council at the time they are earned into the accounting system. Instead, revenues generated by the Council performing services are not entered until the money is received. At year-end the Council will attempt to accrue earned revenues that have not been received in an effort to convert its books to a GAAP presentation for financial statement purposes. By not accruing revenues as they are earned the Council's management does not have the most up-to-date picture of the Council's finances. In addition, those members of management cannot question why certain funds have not been received if the receivables are not on the financial statements for them to see and ask questions about. Further, if the revenues and related receivables are recorded at the time of earning them, management and the bookkeeper can better monitor the collection process and ensure the Council receives what it thought it had earned.

Recommendation: I recommend the Council record revenues at the time they are earned. The bookkeeper can do this using a journal entry, or the billing features within the accounting software.

Finding 2007-10: All Funds Received in the Main Office Should be Logged into the Cash Receipts Book

When checks are received at the main office in Franklinton, they first go to an office worker who records the checks into a log book. I noticed that this procedure was followed most of the time but there were a few small dollar checks that had not been recorded in the log book. These checks had been given directly to the bookkeeper by the person who wrote the check.

Recommendation: The policy should always be followed to ensure that all funds received are recorded and deposited.

Finding 2007 -11: Client Contributions for C-1, C-2, and III B Homemaker on the Books do not Agree with the Amounts on the Capital Area Agency on Aging's Annual Reimbursement Summary

I compared the client contributions recorded on the books to what was presented on Capital Area's Annual Reimbursement Summary and noticed differences as follows:

- The III B homemaker contributions per the Summary were $463, whereas the books showed $391.
- The C-1 meals contributions per the Summary were $23,021, whereas the books showed current year collections of $21,415 plus a $2,002 carryover form last year (total of $23,417).
- The C-2 meals contributions per the Summary were $4,786, whereas the books showed current year contributions of $8,332 plus a $798 carryover from last year (total of $9,130).

The Council did not make application to carryover over any of its June program income therefore all amounts, including prior year carryovers, should have been consumed within this fiscal year on the Capital Area reports and the financial statements. The financial statements present the contributions as if they have been fully consumed as of June 30, 2007. The Council and Capital Area have agreed to take the differences into consideration when the Council reports to Capital Area in FY 2008.

I am not sure of the exact reason for the variances but it appears to have been a miscommunication or misunderstanding between the Council's accountant and Capital Area's accountant about how to report the contributions to Capital Area.

Recommendation: I recommend that each month the full amount of any client contributions be reported to Capital Area and that the Council not try to carry over any amounts in the future to avoid any miscommunication. The Council should make sure the amount reported to Capital Area agrees with the amounts on its books.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Washington Council on the Aging, Inc.
Franklinton, Louisiana

For the year ended June 30, 2007

Section I - Internal Control and Compliance Deficiencies Material to the Financial Statements

There were no findings reported for this section in last year's audit report.

Section II - Internal Control and Compliance Deficiencies Material to Federal Awards

There were no findings reported for this section in last year's audit report.

Section III - Management Letter

The auditor did not issue a management letter last year.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Washington Council on the Aging, Inc.
Franklinton, Louisiana

For the year ended June 30, 2007

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.

Washington Council on the Aging, Inc., Franklinton, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2007.

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

Audit period: For the year ended June 30, 2007.

FINANCIAL STATEMENT FINDINGS

Finding 2007-1: Errors Noted in Allocating Costs From the Transportation Cost Pool and the Indirect Cost Pool

Management's Response and Corrective Action Plan:
Because of the complexity of allocating direct and indirect costs between the various transportation programs, and incorporating additional guidelines that may be required, errors sometimes occur. Once identified, these can be corrected in a relatively short period of time. The DOTD Emergency Transportation Program was funded through FEMA and posed new challenges not anticipated in the current allocation plan. In the future, management will carefully design and monitor the transportation cost allocation plan in an effort to quickly identify any errors in allocations and minimize the risk of making such errors.

Finding 2007-2: Errors Noted in JARC and Section 5311 Reports

Management's Response and Corrective Action Plan:
The Executive Director thoroughly reviewed DOTD monthly reports in April and determined that JARC was being calculated based on the total indirect cost instead of the total indirect transportation cost. May and June reports were calculated correctly. The Executive Director or her designee will review monthly reports in detail prior to their submission. JARC reports will be compared to costs being allocated in QuickBooks and differences will be addressed accordingly.

Finding 2007-3: Meals Served Under the C-1 Program May Have Been Served to Ineligible Participants or Served in Improper Situations

Management's Response and Corrective Action Plan:
The state's written policy for congregate meals does not clearly set forth the guidelines for how spouses under age 60 can receive a free congregate meal. The COA's staff incorrectly interpreted the policy statement resulting in one employee eating some meals even though her spouse (over 60) was not present with her at the meal site. The interpretation of this policy was not communicated to the COA's management by Capital Area Agency on Aging nor did Capital Area identify our noncompliance as a finding in its annual compliance audit. Our nutrition staff will be trained and monitored to ensure that all meals are served to eligible participants. Also, a policy has been enacted that details an individual's eligibility for transfer meals. The new policy requires the Nutrition Coordinator or Executive Director to approve transfer meals before they are delivered.

Finding 2007-4: Classification of Revenues is Not Always Reviewed and Documented

Management's Response and Corrective Action Plan:
The Executive Director or her designee will review the classification of receipts and revenues recorded on the Council's books monthly and document the review. Fundraising solicitations will document more clearly the purpose and use of the funds.

Finding 2007-5: Written Accounting Policies and Procedures Do Not Exist for All Areas

Management's Response and Corrective Action Plan:
Management will begin the process of identifying and documenting significant accounting functions in order to develop written policies and procedures.

Finding 2007-6: Management Approval Should be Obtained Before Adding or Deleting Accounts in the Chart of Accounts

Management's Response and Corrective Action Plan:
A form will be developed in order for the bookkeeper to make any changes to the chart of accounts.

The form will require a brief explanation of the change request and the Executive Director's written approval. The form will be maintained on file for future reference.

Finding 2007-7: Supervisory Approvals Are Not Always Fully Documented

Management's Response and Corrective Action Plan:
Policies and procedures for supervisory reviews and approvals will be developed that require a supervisor's signature and the date of review or approval.

Finding 2007-8: Budget Data Should Be Input Into the Accounting System to Enable Comparative Reports to be Generated and Used by Management

Management's Response and Corrective Action Plan:
The Council's bookkeeper prepares a monthly budget versus actual report in Microsoft Excel that is reviewed monthly by both the Executive Director and the Board of Directors. A recent update to the QuickBooks program will enable input of the budget into the accounting system.

Finding 2007-9: Revenues Earned Are Not Entered Into the Books Until Received

Management's Response and Corrective Action Plan:
Revenues will be recorded at the time they are earned by using a journal entry. This should enable the Executive Director and bookkeeper to stay apprised of the Council's finances at any time during the month.

Finding 2007-10: All Funds Received in the Main Office Should be Logged into the Cash Receipts Book

Management's Response and Corrective Action Plan:
All checks received in the mail are logged into a Cash Receipts Journal. Checks received by other means were not being recorded. The Council will start recording all funds received in the Cash Receipts Journal.

Finding 2007 -11: Client Contributions for C-1, C-2, and III B Homemaker on the Books do not Agree with the Amounts on the Capital Area Agency on Aging's Annual Reimbursement Summary

Management's Response and Corrective Action Plan:
Client contributions are collected and used as program income within their respective programs. Capital Area Agency on Aging contracts with the Council on a unit cost reimbursement basis. After initial submission of the budget a unit cost is determined and changes to the unit cost are not allowed

for the remainder of the program year. June reports reflected an outstanding contract balance for Homemaker, C-1 Meals and C-2 Meals due to actual client contributions totaling more than budgeted amounts throughout the previous eleven months and fluctuations in the cost to provide a unit of service. Capital Area allowed the Council to not report the entire amount of program income collected in June in order to receive the entire contracted amount. The Council would have been penalized for providing services for a cheaper unit cost than originally budgeted. Remaining program income was carried over into the next fiscal year. While ideally program income should be spent within the fiscal year collected, this is not always possible given the constraints placed on the budgeting process by Capital Area. Reports will be verified to ensure that the amount reported to Capital Area agrees with amounts on the books.

If there are any questions about this plan, please contact Nancy McBeth, Executive Director, at (985) 839-4535.