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# Lincoln Council On Aging, Inc.

## Financial Statements For The Year Ended June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-21-07

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Douglas A. Brewer, LLC  
Certified Public Accountant

**Lincoln Council on Aging, Inc.**  
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**For The Year Ended June 30, 2006**

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## INDEPENDENT AUDTIOR'S REPORT

Board of Directors  
Lincoln Council on Aging, Inc.  
Ruston, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lincoln Council on Aging, Inc., as of and for the year ended June 30, 2006, which collectively comprise the basic financial statements of the Council as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion 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 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 Lincoln Council on Aging, Inc., as of June 30, 2006, 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 December 28, 2006, on my consideration of the Council's internal control over financial reporting and 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.

Board of Directors  
Lincoln Council on Aging, Inc.  
Ruston, Louisiana  
Page 2

Management's discussion and analysis and budgetary comparison information on pages 3 through 10 and, 32 through 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements of the Lincoln Council on Aging, Inc. taken as a whole. The supplemental information schedules required by GOEA are presented on pages 39 through 42 for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*Dale A. Brewer, LLC*

Ruston, Louisiana  
December 28, 2006

**Lincoln Council on Aging, Inc.**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(MD&A)**

The following discussion and analysis of Lincoln Council on Aging, Inc.'s financial performance provides an overview of the Council's financial activities for the year ended June 30, 2006. Please read it in conjunction with the financial statements, which begin on page 11.

**FINANCIAL HIGHLIGHTS**

- The Council showed a net decrease in overall net assets of \$28,046 or 14.5% this year.
- Net Capital Assets of the Council fell by \$48,253.
- No deficit fund balances exist at year-end.
- The *unreserved*, undesignated fund balance for the Council's General Fund was \$32,749 at year-end, which is a decrease of \$15,310 from the prior year.

**HOW TO USE THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. Fund financial statements begin on page 13. For governmental activities, these statements 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 statements by providing information about the Council's most significant funds.

Our 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 is providing varying degrees of assurance about Supplementary Financial Information required by GASB Statement 34 and Supplementary Financial Information required by GOEA and OMB Circular A-133 that follow later in this reporting package. A user of this report 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**

Our analysis of the Council as a whole begins on page 3. An important question to ask about the Council's finances is, "Is the Council as a whole better off or worse off as a result of the 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 answer this question. 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 statements can be found on pages 11 to 12 and report the Council's net assets and changes in them. Some of the net assets are restricted which means they can only be used for a specific purpose 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, you

**Lincoln Council on Aging, Inc.**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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will need to 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. These activities include 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 various supportive social services, nutritional services, utility assistance, and disease prevention and health promotion. All activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it receives from government grants and contracts, along with donations from the general public, to pay for the services it provides to the general public, or a segment of the general, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The council does not have any business-type activities. However, the Council does charge a small monthly fee to people who rent Medic Alert units and a fee for persons under 60 years old to ride the Council's vans. We do not view the fees we charge for these activities as a business-type activity because we do not intend to make a profit or recover the full cost of providing the service.

**Reporting the Council's Most Significant Funds Using Fund Financial Statements**

Our analysis of the Council's major funds begins on page 9. The Fund Financial Statements can be found on pages 13 to 14 and provide detailed information about the most significant funds – not the Council as a whole. In the Fund Financial Statements you will see a General Fund and a variety of Special Revenue Funds. The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. By using separate funds to track revenues and expenditures, we can control and manage funds for particular purposes or we can show that the fund is meeting legal responsibilities for using certain grants and other money.

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 the 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We have presented the difference between the net assets of governmental activities and the fund balances of the governmental funds in reconciliation at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in net assets for the governmental funds and the change in net assets for the governmental activities has been presented in a reconciliation 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 can be found on pages 15 to 31. You should read the notes before making assumptions or drawing conclusions about the Council's financial condition.

**Lincoln Council on Aging, Inc.**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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**Supplementary Financial Information Required by GASB Statement 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final appropriated budgets to actual budget results for the Council's fiscal year. We have also opted to present positive and negative variances between the final budget and actual amounts.

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 I believe is important to present for the Council's financial statement users.

Management's Discussion and Analysis is also required supplementary information (RSI) by GASB Statement 34. However, it is presented as the first item in this reporting package and not with the other RSI by GASB Statement 34.

**Other Supplementary Financial Information Required by GOEA and OMB  
Circular A-133**

The Council has also presented other required supplemental information in this report package.

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 40 to 43. This information will be used by GOEA to verify the accuracy of information the Council submitted to it during the year and to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

The Office of Management and Budget (OMB) through its Circular A-133 requires a Schedule of Expenditures of Federal Awards. This schedule will present required information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council.

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

The following table reflects condensed information on the Council's net assets:

	<u>2006</u>	<u>2005</u>
Current and other assets	\$142,240	\$126,126
Capital Assets, net of depreciation	<u>60,879</u>	<u>109,132</u>
Net Assets	<u>203,119</u>	<u>235,258</u>
Compensated Absences	3,746	3,746
Other Liabilities	6,633	4,265

**Lincoln Council on Aging, Inc.**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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Net Assets:

Invested in Capital assets, net of

Related debt	60,879	109,132
Restricted	99,112	70,056
Unrestricted	<u>32,749</u>	<u>48,059</u>
 Total Net Assets	 <u>\$192,740</u>	 <u>\$227,247</u>

As of June 30, 2006, The Lincoln Council on Aging "as a whole" had assets greater than its liabilities by \$192,740. However, the Council's total net assets decreased slightly from \$227,247 to \$192,740. This equates to a decrease of 15%.

The Council's unrestricted net assets decreased by \$15,310 or 32% for the year. About 17% of the Council's net assets are unrestricted as of June 30, 2005. It is important that the Council have unrestricted net assets so that we will have resources available to adapt to changes in the economy, emergencies, unexpected needs, and reductions in termination of grant revenues by government agencies.

The Council's restricted net assets increased by \$29,056 or 41% because the Council has been able to meet the constraints imposed by the donors or grantors of the resources. Net assets are reported as restricted when the constraints placed upon the asset's used are either (a) externally imposed by a grantor, contributor, laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them. For both years presented, there is no debt that has been subtracted from the capital assets amounts. Our policy is to acquire capital assets by paying cash and avoiding debt. This policy helps to assure us that decreases in the Council's future revenues won't impact its ability to provide a certain level of service to our clients and program participants.

The liability for compensated absences has not changed very much during the year. This liability represents what the Council would owe to its employees as of year-end for unused vacation leave. If employee vacation patterns are similar from year to year and if the number of employees remains about the same, then the amount owed at year-end will not change very much from year to year. This liability could adversely affect the Council's financial position if we were to have to lay off a significant portion of our workforce. This event would trigger the immediate payment of unused vacation to the terminated employees resulting in the Council having to use unrestricted net assets to make payments.

Other liabilities increased by \$2,368 this year. The primary reason for the increase is that the Council was not able to "earn" a larger portion of revenues within the current year under the terms of its grants and contracts than it was able to do last year. Sometimes the Council receives money from grants in advance before it spends the money. Under the terms of most of the Council's grants and contracts, the Council is not entitled to keep the money until it spends the money for an allowable purpose. Any money that has been received but not spent as of year-end must be presented as a liability in the Council's financial statements. Accordingly, if the Council does not spend the money by the time the grant or contract expires, it will have to refund the unused portion.



**Lincoln Council on Aging, Inc.**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

Table 2 illustrates the revenues and expenses that caused the change in net assets over the two-year period.

<b>Table 2</b>		
<b>Increase (Decrease) in Net Assets</b>		
	2006	2005
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 28,600	\$ -
Operating Grants and Contributions	344,664	403,369
General Revenues:		
Unrestricted Grants and Contributions	52,980	35,810
Interest Income	1,362	989
Other General Revenues	-	-
<b>Total Revenues</b>	<b>427,606</b>	<b>440,168</b>
<b>Direct Program Expenses for Health Welfare, and Social Services Function:</b>		
Supportive Services:		
Personal Care	-	5,250
Other Supportive Services	-	12,850
Homemaker	10,998	6,732
Information and Assistance	7,217	3,841
Legal Assistance	2,319	2,319
Outreach	2,394	1,588
Transportation	113,255	51,197
Nutrition Services:		
Congregate Meals	94,262	86,635
Home Delivered Meals	131,556	120,760
Utility Assistance	3,704	2,619
Disease Prevention and Health		
Promotion	2,991	708
Caregiver Support	2,459	11,310
Direct Administration Expenses	84,497	158,870
<b>Total Expenses</b>	<b>455,652</b>	<b>464,679</b>
<b>Increase (Decrease) in Assets</b>	<b>\$ (28,046)</b>	<b>\$ (24,511)</b>

Council's total revenues decreased by \$12,562 or 3% versus last year. Total expenses decreased by \$9,027 or 2% versus last year. The small changes in the amounts and percentages of revenues and expenses from last year to this year indicate the Council did not obtain or lose any major sources of revenues, nor was it able to expand its revenue base. Generally, unless new sources of funds are found, or unless the amounts of the grants and contracts are raised, it is difficult for us to expand current levels of service or start new programs.

**Lincoln Council on Aging, Inc.**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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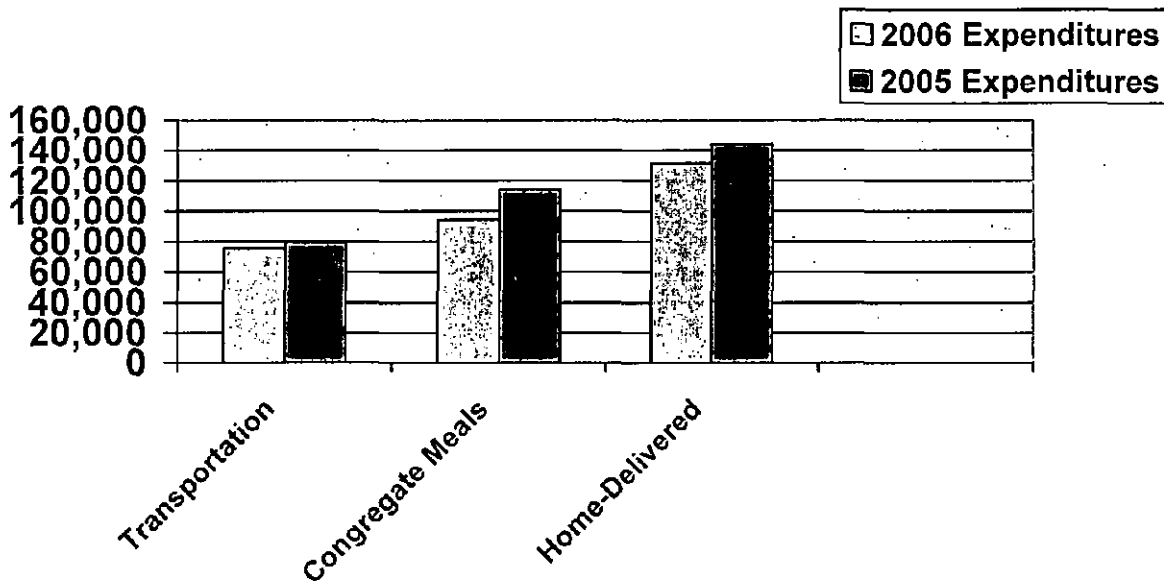
**AN ANALYSIS OF GOVERNMENTAL ACTIVITIES**

Most of the Council's activities are funded by federal, state, or local grants. These grants amount to approximately 81% of the revenues of the Council in 2006 and 83% in 2005. Some of these grants are restricted which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues represented 5% of the total revenues of both 2006 and 2005.

The Council invests idle funds and is able to earn some interest on this money each year. The investment earnings are used or accumulated as necessary to meet expenses each year.

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 related to transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Lincoln Parish. There is a high demand for these services; therefore, resources are channeled to meeting the demand.



You will also note that most of the governmental activities have more expenses than revenues. We expect this situation to occur and have prepared the Council's budgets for these activities with this in mind. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities.

**Lincoln Council on Aging, Inc.**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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<b>2005 Expenses by Type</b>		
Administrative Expense	\$ 158,870	34%
Direct Expenses	305,809	66%
<b>Total</b>	<u>\$ 464,679</u>	

<b>2006 Expenses by Type</b>		
Administrative Expense	\$ 84,497	19%
Direct Expenses	371,155	81%
<b>Total</b>	<u>\$ 455,652</u>	

Another indication of how we are using money efficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2005, total administration expenses were \$158,870, or 34% of total expenses in comparison, total administration expenses for 2006 were \$84,497, or 19%.

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

**Fund Balances**

The Council showed a combined governmental fund balance of \$135,607 (as shown on the Fund Financial Statement's balance sheet at page 13) at the end of this year, which is an increase of \$13,746 versus last year. However, when you look at the funds individually you will see the Special Revenue Funds had a combined fund balance increase of \$22,739.

**Revenues**

The combined fund revenues decreased \$12,937 this year versus last year, or 3%.

**Expenditures**

Total expenditures decreased by \$18,349 this year, or 4%.

- Meals expenditures decreased by \$6,109 (6%) primarily due to a decrease in the total meals served.

**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 April 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

**Lincoln Council on Aging, Inc.**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2006**

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budget are to account for unanticipated changes in both revenues and expenditures and to prevent compliance violations under the Council's grant from GOEA.

You can find schedules of the original and amended budgets for the General Fund in the *Supplementary Financial Information* Required by GASB Statement 34 section of this report on pages 39 to 42. When you review the budget versus actual schedule, you will note that the favorable and unfavorable variances are not very large. This is a result of the budget amendment process, which allows me the opportunity to use hindsight to adjust the forecast that it made at the beginning of one year. With only one month left in the fiscal year at the time the budget is amended, the risk of a significant budget overrun is reduced because of our ability to more accurately predict what will occur over a shorter period of time versus a longer period of time.

**AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of the year, the Council had \$60,879 in fixed assets net of accumulated depreciation. This amounted to a net decrease of \$48,253 over last year.

**Table 4**  
**Capital Assets, Net of Depreciation at Year End**

	Governmental Activities	
	2006	2005
Vehicles	<u>\$ 27,277</u>	<u>\$ 71,570</u>
Furniture & Equipment	<u>33,602</u>	<u>37,562</u>
	<u>\$ 60,879</u>	<u>\$109,1352</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2007, it was important that we deliver at least the same level of service to our clients and the public as we did in 2006. All of the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2007. There have been no significant changes to the funding levels or terms of the grants and contracts. Accordingly, we have set our initial budget to provide the same programs and levels of service next year. GOEA has also approved the Council's budget for next year. There are no plans to add any significant programs for next year.

**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 more information, you should contact Michelle Wright, the Council's Executive Director, at the Council's main office located at 307 N. Homer Street, Ruston, LA, by phone (318) 255-5070, or by e-mail at [mdwright@cox-internet.com](mailto:mdwright@cox-internet.com).

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

**Lincoln Council on Aging, Inc.**  
**Statement of Net Assets**  
**June 30, 2006**

<b>Assets</b>	<b>Governmental Activities</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 136,281	\$ 136,281
Investments	-	-
Grants and Contracts Receivable	5,959	5,959
Capital Assets, net of accumulated Depreciation	60,879	60,879
<b>Total Assets</b>	<b>\$ 203,119</b>	<b>\$ 203,119</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 2,602	\$ 2,602
Accrued Expenses	2,661	2,661
Deferred Revenue	1,370	1,370
Accrued Compensated Absences:		
Current Portion	1,873	1,873
Non-current Portion	1,873	1,873
<b>Total Liabilities</b>	<b>10,379</b>	<b>10,379</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	60,879	60,879
Restricted For:		
Utility Assistance	5,470	5,470
Nutritional Services	93,642	93,642
Unrestricted	32,749	32,749
<b>Total Net Assets</b>	<b>192,740</b>	<b>192,740</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 203,119</b>	<b>\$ 203,119</b>

The accompanying notes are an integral part of this financial statement.

**Lincoln Council on Aging, Inc.**  
**Statement of Activities**  
**For The Year Ended June 30, 2006**

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	<u>Direct Expenses</u>	<u>Indirect Expenses</u>
<b>Primary Government: Functions/Programs</b>		
Governmental Activities:		
Health, Welfare & Social Services:		
Supportive Services:		
Personal Care		
Other Services		
Homemaker	7,480	3,518
Information and Assistance	4,395	2,822
Legal Assistance	2,319	-
Outreach	1,588	806
Transportation	51,116	24,307
Nutritional Services:		
Congregate Meals	70,371	23,891
Home Delivered Meals	109,355	22,201
Utility Assistance	3,704	-
Disease Prevention and Health Promotion	2,991	-
National Family Caregiver Support:		
Respite Care	-	-
Other Services	1,500	959
Administration	122,329	-
Total Governmental Activities	<u>\$ 377,148</u>	<u>\$ 78,504</u>

**General Revenues:**

Grants and Contributions not restricted to specific programs  
Unrestricted Investment Earnings  
Miscellaneous  
Total General Revenues, Special Items, and Transfers  
**Changes in Net Assets**  
**Net Assets - Beginning**  
    Prior Period Adjustment  
**Net Assets - Ending**

<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>	
			<u>Governmental Activities</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	7,677	(3,321)	(3,321)
-	-	5,019	(2,198)	(2,198)
-	-	1,619	(700)	(700)
-	-	1,686	(708)	(708)
-	-	52,649	(22,774)	(22,774)
-	-	-	-	-
-	-	82,517	(11,745)	(11,745)
-	-	114,312	(17,244)	(17,244)
-	-	6,437	2,733	2,733
-	-	2,991	-	-
-	-	-	-	-
-	-	1,716	(743)	(743)
28,600	-	68,041	(25,688)	(25,688)
<u>\$ 28,600</u>	<u>\$ -</u>	<u>\$ 344,664</u>	<u>\$ (82,388)</u>	<u>\$ (82,388)</u>

52,980	52,980
1,362	1,362
-	-
<u>54,342</u>	<u>54,342</u>
(28,046)	(28,046)
227,247	227,247
(6,461)	(6,461)
<u>\$ 192,740</u>	<u>\$ 192,740</u>

The accompanying notes are an integral part of this financial statement.



**FUND FINANCIAL STATEMENTS**

**Lincoln Council on Aging, Inc.**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

<b>Assets</b>	<b>General Fund</b>	<b>Title III-B</b>	<b>Title III-C-1</b>
Cash and Cash Equivalents	\$ 57,817	\$ -	\$ -
Investments	-	-	-
Grants and Contracts Receivable	-	-	-
Due From Other Funds	-	-	385
Prepaid Expenses	-	-	-
<b>Total Assets</b>	<b>\$ 57,817</b>	<b>\$ -</b>	<b>\$ 385</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 2,602	\$ -	\$ -
Accrued Expenses	2,661	-	-
Advances From Funding Agencies	-	-	385
Due to Other Funds	16,059	-	-
<b>Total Liabilities</b>	<b>21,322</b>	<b>-</b>	<b>385</b>
<b>Fund Balances</b>			
Unreserved/Undesignated			
General Fund	36,495	-	-
Special Revenue Funds	-	-	-
<b>Total Fund Balances</b>	<b>36,495</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 57,817</b>	<b>\$ -</b>	<b>\$ 385</b>

Amounts reported for *Governmental Activities* in the statement of net assets are different because:

Compensated Absences are not paid for out of current financial resources and are not reported in the funds  
 Capital assets used in governmental activities are not financial resources and are not reported in the funds

Net Assets of Governmental Activities

<u>Title III-C-2</u>	<u>NSIP USDA</u>	<u>Senior Center</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 72,994	\$ -	\$ 5,470	\$ 136,281
-	-	-	-	-
-	5,959	-	-	5,959
-	14,689	-	985	16,059
-	-	-	-	-
<u>\$ -</u>	<u>\$ 93,642</u>	<u>\$ -</u>	<u>\$ 6,455</u>	<u>\$ 158,299</u>

\$ -	\$ -	\$ -	\$ -	\$ 2,602
-	-	-	-	2,661
-	-	-	985	1,370
-	-	-	-	16,059
-	-	-	985	22,692

-	-	-	-	36,495
-	93,642	-	5,470	99,112
-	93,642	-	5,470	135,607
<u>\$ -</u>	<u>\$ 93,642</u>	<u>\$ -</u>	<u>\$ 6,455</u>	

(3,746)  
60,879

\$ 192,740

The accompanying notes are an integral part of this financial statement.

**Lincoln Council on Aging, Inc.**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For The Year Ended June 30, 2006**

<u>Revenues</u>	<u>General Fund</u>	<u>Title III-B</u>	<u>Title III-C-1</u>
Intergovernmental	\$ 21,048	\$ 69,237	\$ 49,974
Public Support	9,784	-	-
Entergy Project Care	-	-	-
Program Service Fees	-	4,261	18,909
Interest Earned	1,327	-	-
In-Kind Contributions	-	2,365	4,565
<b>Total Revenues</b>	<b>32,159</b>	<b>75,863</b>	<b>73,448</b>
<b><u>Expenditures</u></b>			
Health, Welfare & Social Services			
Personnel	-	53,746	29,481
Fringe	-	4,470	2,389
Travel	685	1,174	-
Operating Services	8,624	30,139	8,522
Operating Supplies	965	8,859	501
Other Costs	6,264	317	240
Meals	-	-	40,613
Utility Assistance	-	-	-
Capital Outlays	-	483	366
In-Kind	-	2,365	4,565
<b>Total Expenditures</b>	<b>16,538</b>	<b>101,553</b>	<b>86,677</b>
<b>Excess of Revenues over Expenditures</b>	<b>15,621</b>	<b>(25,690)</b>	<b>(13,229)</b>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers - In	-	25,690	13,229
Operating Transfers - Out	(24,614)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(24,614)</b>	<b>25,690</b>	<b>13,229</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(8,993)</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, Beginning of Year</b>	<b>45,488</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 36,495</b>	<b>\$ -</b>	<b>\$ -</b>

Net Changes in Fund Balances - Total Governmental Funds

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

  Depreciation Expense

  Capital asset purchases capitalized

Other expenses reported in the statement of activities that do not require the use of current financial resources

**Changes in Net Assets in Governmental Activities**

<u>Title III-C-2</u>	<u>NSIP USDA</u>	<u>Senior Center</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
\$ 114,785	\$ 33,200	\$ 25,657	\$ 34,417	\$ 348,318
11,885	-	-	-	21,669
-	-	-	6,437	6,437
5,430	-	-	-	28,600
-	-	-	35	1,362
1,815	-	11,100	1,375	21,220
<u>133,915</u>	<u>33,200</u>	<u>36,757</u>	<u>42,264</u>	<u>427,606</u>

39,427	-	18,473	11,519	152,646
3,280	-	1,532	921	12,592
8,252	-	-	-	10,111
12,004	-	6,521	14,959	80,769
5,844	-	1,880	381	18,430
221	-	-	2,534	9,576
62,736	-	-	-	103,349
-	-	-	3,704	3,704
336	-	-	278	1,463
1,815	-	11,100	1,375	21,220
<u>133,915</u>	<u>-</u>	<u>39,506</u>	<u>35,671</u>	<u>413,860</u>
<u>-</u>	<u>33,200</u>	<u>(2,749)</u>	<u>6,593</u>	<u>13,746</u>

-	-	2,749	-	41,668
-	(13,229)	-	(3,825)	(41,668)
-	(13,229)	2,749	(3,825)	-

-	19,971	-	2,768	13,746
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-	73,671	-	2,702	
<u>\$ -</u>	<u>\$ 93,642</u>	<u>\$ -</u>	<u>\$ 5,470</u>	

13,746

(43,256)
1,464
<u>(41,792)</u>
-
<u>(41,792)</u>
<u>\$ (28,046)</u>

The accompanying notes are an integral part of this financial statement.

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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**NOTE 1 – Purpose of the Council on Aging and Summary of *Significant Accounting Policies***

**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 Lincoln 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; to provide for a 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 when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) 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.

Specific services provided by the Council to the elderly residents of Lincoln Parish include providing congregate and home delivered meals, nutrition education, personal care, information and assistance, outreach, material aid, home repairs, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

**b. Reporting Entity:**

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. However, before the council on aging can begin operations in a specific parish, its application for the charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R. S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and are governed by the policies and regulations established by GOEA.

The Lincoln Council on Aging, Inc. is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations on November 1, 1974.

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.

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

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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Based on the criteria set forth in GASB Statement 14, the Lincoln Council on Aging, Inc. 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 GASB Codification Section 2100, the Council has presented its financial statements as a primary government, because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the Council may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. Included in its policies is a provision that the Council's budget be approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the Council and is more ministerial or compliance oriented than substantive.

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

**c. Presentation of Statements:**

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). 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 Council has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Council has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Council are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Council's overall financial position and results of operations.

Governmental-Wide Financial statements prepared using full accrual accounting for all the Council's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Council has elected to implement the general provisions of the GASB Statement 34 in the current year.

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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**d. Basic Financial Statements – Government-Wide Statements**

The Council's basic financial statements included both Government-Wide (reporting the Council as a whole) and fund financial statements (reporting the Council's major 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 been classified 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.

In the Government-Wide Statement of Net Assets, the governmental type activities column (a) is presented on a consolidated basis by column, (b) 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. Invested in capital assets, net of related debt accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net assets consist 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 include all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Council's policy is to use restricted resources first to finance its activities except for nutrition services. When providing nutrition services, revenues earned by the Council under its USDA contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the USDA revenues when paying for nutrition program costs. Quite often unrestricted resources are available for use that must be consumed or they will have to be returned to GOEA. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, the Council will depart from its usual policy of using unrestricted resources first.

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 investment income, 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 then reduces the expenses by related program revenues, such as operation and capital grants and contributions, to derive the net cost of each function or program. Program revenues must directly associated with the function or program to be used to directly offset its cost. Operation grants include operation-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.

The Council allocates its indirect costs among various functions and programs in accordance with Circular A-87. The Statement of Activities shows this allocation in a separate column



**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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

The Government-Wide Statements focus upon the Council's ability to sustain operations and the change in its net assets resulting from the current year's activities.

**e. Basic Financial Statements – Government-Wide Statements**

The financial transactions of the Council are reported in individual funds in the Fund Financial Statements. 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. Resources are allocated to and accounted for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

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 to reserved fund balances, designated amount 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. It is used to account for all financial resources except those required to be accounted for in another fund.

The following types of programs comprise the Council's General Funds:

**Other Local**

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

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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to special revenue funds to supplement those programs. In addition, fixed asset additions are generally paid with "other local" funds.

**Senior Activities**

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

**Medicaid**

This is a program where the Council completes enrollment application for Medicaid services. The Council is paid \$14 per application it completes by the Department of Health and Hospitals (DHH). Any funds remaining after applying direct costs to operate this program are available for discretionary use by management.

The Council also acts as a coordinator of services for people who are home-bound and in need of services similar to those provided in a nursing home. Rather than have the person sent to a nursing home, the Council coordinates necessary services and is paid a fee by Medicaid for performing the case management function.

**PCOA (ACT 735)**

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

**Local Transportation**

The Council also provides transportation services to local agencies for a fee. These program service fees and their related costs are accounted for within the "local transportation" program of the General Fund.

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services – Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

The Council has established several special revenue funds. The following is a brief description of each special revenue fund's purpose:

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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**Major Special Revenue Funds**

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

	<u>Units</u>
Information and Assistance	137
Outreach	81
Homemaker	269
Recreation	-0-
Transportation for people	
Age 60 or older	9,808
Assisted Transportation	-0-
Legal	244
Home Repair	-0-
Material Aid	-0-
Utility Assistance	39
Medical Alert	988

**The Title III C-1 Fund** used to account for funds that are used to provide nutritional, congregate meals to the elderly at meal sites located in Ruston and Dubach areas. During the year the Council served 16,376 meals to people eligible to participate in this program. In addition to the meals serviced, the Council also provided 48 units of nutritional education to eligible participants.

**The Title III C-2 Fund** is used to account for funds that are used to provide nutritional meals to homebound older persons. Using Title III C-2 funds the Council served 26,143 meals during the year to people eligible to participate in this program.

**The Title III – E fund** is used to account for National Family Caregiver Support Program (NFCBSB) funds used to provide multi-faceted older individuals who are relative caregivers. NFCBSB Caregiver Services include (1) information about services/education, (2) assistance with access to services, (3) counseling/support groups, (4) respite care, (5) supplemental services including material aid, personal care and sitter services. 79 units of personal care services were provided during the fiscal year.

**The N.S.I.P. Fund** is used to account for the administration of Nutrition Program for Elderly funds provided by the United States Department of Agriculture through the *Governor's Office of Elderly Affairs*, which in turn "passes through" the funds to the Council. For the period July 1 to September 30, 2000, the Council received reimbursements from GOEA on a per unit basis (about 55 cents/meal) for each congregate and home-delivered meal served to an eligible participant. Beginning October 1, 2000, GOEA began distributing USDA funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. The primary purpose of the USDA reimbursement is to provide

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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money to the Council so that United States food and commodities may be purchased to supplement nutrition programs.

**Non-Major Special Revenue Funds**

**The Title III C Area Agency Administration Fund** is used to account for a portion of the indirect costs of administering the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the elderly. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bear to direct costs for all programs.

**The Title III D Fund** is used to account for funds used for disease prevention and health promotion activities. During the year 1,834 units of wellness service were provided to eligible participants in this program.

**The Senior Center Fund** is used to account for 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 a community service center 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 senior center for Lincoln parish is located in Ruston. Senior Center funds can be used at Council's programs that benefit the elderly. Accordingly, during the fiscal year, the Senior Center fund transferred a portion of its grant revenue to the Title III B Fund to subsidize that program's cost of providing supportive services to elderly persons who use the center.

**The Utility Assistance Fund** is used to account for the administration of 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 to provide assistance to the elderly for the payment of utility bills. The Council receives its Project Care donations directly from Entergy Corporation. LP & L Helping Hands donations are provided through the Louisiana Association of Councils on Aging, Inc. (LACOA). During the year, the Council was able to provide 39 units of service with these funds.

**The Audit Fund** is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. The cost allocated to this fund is equal to GOEA supplement. Excess audit costs have been distributed to other funds and programs using the Council's indirect cost allocation formula.

**The Supplemental Senior Center Fund** was established to account for funds that were appropriated by the Louisiana Legislature for the various councils on aging throughout Louisiana to supplement each council's primary grant for senior center operations and activities. The *Lincoln Council on Aging* was one of the parish councils to receive a supplemental grant of \$3,825. The money received by this fund during the year was

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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transferred to the Title III B Fund to supplement the supportive services provided by this fund. GOEA provided these funds to the Council.

The Title III – E fund is used to account for National Family Caregiver Support Program (NFCSP) funds used to provide a multi-faceted system of support services for family caregivers and for grandparents or older individuals who are relative caregivers. NFCSP Caregiver Services include (1) information about services/education, (2) assistance with access to services, (3) counseling/support groups, (4) respite care, (5) supplemental services including material aid, personal care and sitter services.

During the year, the Council was able to provide 526 units of service with these funds.

**f. Measurement Focus and Basis of Accounting:**

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual Basis – Government-Wide Financial Statements (GWFS):**

The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**2. Modified Accrual Basis – Fund Financial Statements (FFS):**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. 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 transactions can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues “available if they are collected within 60 days after year-end. Expenditures are generally recorded under modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principle and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

**g. Interfund Activity**

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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financial statements to the change in net assets in the Government-Wide Financial Statements.

**h. Cash and Cash Equivalents:**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amount in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amount that equal their fair values.

**i. Investments:**

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

Investments that included securities traded on a national or international exchange are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value.

**j. Prepaid Expenses/Expenditures:**

Prepaid expenses include amounts paid for services in advance. These are shown as assets on the Government-Wide Statement of Net Assets.

In the Fund Financial Statements, the Council has elected not to include amounts paid for future services as expenditures until those services are consumed to comply with the cost reimbursement terms of grant agreements. 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 expenditures. At the year-end, there were not any prepaid expenses.

**k. Capital Assets:**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. 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. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded as its estimated fair market value at the date of donation.

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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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 estimated useful lives of various classes of depreciable capital assets are as follows:

Building Improvements	20 years
Equipment	5-7 years
Vehicles	5 years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category of capital asset, management has used 10% of the vehicle's initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

**l. Unpaid Compensated Absences:**

The Council's policies for vacation time permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the Government-Wide Statements. Management has estimated the current and long-term portions of this liability based on historical trends. The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year. An amount is added to this total for social security and Medicare taxes.

In contrast, the governmental funds in the Fund Financial Statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, no amounts have been accrued as fund liabilities as of year-end in the Fund Financial Statements. The differences in the methods of accruing compensated absences creates a reconciling item between the fund and government-wide financial statement presentations.

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

**m. Allocation of Indirect Expenses:**

The Council's 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. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized 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 cost allocation according to their grant or contract limitations.

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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**n. Management's Use of Estimates:**

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

**o. 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. Certain amounts relating to prior year balances have been reclassified in the accompanying financial statements in order to conform with current year presentation.

**p. Deferred Revenues**

The Council reports deferred revenues on its Statement of Net Assets and on 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 combined balance sheet and the revenue is recognized.

**q. Budget Policy**

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

**NOTE 2 – Revenue Recognition**

Revenues are recoded in the Government-Wide Statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income are usually both measurable and available. However, timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.



**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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**NOTE 3 – Cash**

*Custodial credit risk – deposits.* The Council's cash and certificates of deposit consist of deposits with financial institutions. State statutes govern the Council's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

The following is a schedule of the Council's cash and certificates of deposit at June 30, 2006. Differences between the Council's balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash on Deposit	\$ 133,617	\$ 155,460
Certificates of Deposit	<u>2,665</u>	<u>2,665</u>
Total	<u>\$ 136,282</u>	<u>\$ 158,125</u>

The Council's deposits are collateralized as follows:

FDIC Insured Deposits	\$ 136,282
Uninsured Deposits:	
Collateralized	<u>-</u>
Total Deposits	<u>\$ 136,282</u>

*Credit risk.* The Council's only investments are the certificates of deposit mentioned above, therefore the Council is exposed to no credit risk.

*Concentration of credit risk.* The Council does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

*Interest rate risk.* The Council manages its exposure to declines in fair values by limiting the maturity of its investments to not longer than one year.

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

**NOTE 4 – Government Grants and Contracts Receivable**

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

Government grants and contracts receivable at year-end, consist of reimbursements for expenses incurred under the following programs:

Program	Fund	Funding Agency	Amount
Nutritional Services Incentive	NSIP	GOEA	5,959
Total government grants and contracts receivable			\$5,959

**NOTE 5 – Changes in Capital Assets**

A summary of changes in capital assets is as follows:

Capital Assets	Balance 07-01-05	Increases	Decreases	Balance 06-03-06
Vehicles	\$168,396	\$ -	\$ -	\$168,396
Furniture and Equipment	61,382	1,464	-	62,846
Leasehold Improvements	-	-	-	-
Subtotal	229,778	1,464	-	231,242
Accumulated Depreciation:				
Vehicles	103,287	37,832	-	141,119
Furniture & Equipment	23,820	5,424	-	29,244
Leasehold Improvements	-	-	-	-
Subtotal	127,107	43,256	-	170,363
Net Capital Assets	\$102,671	\$ 41,792	\$ -	\$ 60,879

Depreciation was charged to governmental activities as follows:

Administration	\$ 1,963
Nutrition Services:	
Congregate meals	1,298
Supportive Services:	
Recreation (Non-priority services)	2,163
Transportation	37,832
Total depreciation expense for Governmental activities	\$ 43,256

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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**NOTE 6 – Deferred Revenue**

A summary of the Council’s deferred revenue is as follows at year-end:

Expenditures/expenses relating to the deferred EFSP revenue will be incurred in fiscal year 2006. However, the Title III E revenue was unearned for this fiscal year because insufficient caregiver assistance expenditures/expenses were made. Accordingly, the money will have to be returned to GOEA.

	Fund	Provider	Amount
Care Giver	Title III E	GOEA	\$3,062
Preventive Health	Title III D	GOEA	13
Total deferred revenue			<u>\$3,075</u>

**NOTE 7 – Board of Director’s Compensation**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for out-of-pocket costs they might incur behalf of the Council in accordance with the Council’s applicable reimbursement policy.

**NOTE 8 – In-Kind Contributions**

The Council received \$21,300 in various in-kind contributions during the year, which have been valued at their estimated fair market value, and presented in this report as revenue. Related expenditures, equal to the in-kind revenues, have also been presented, thereby producing no effect on net income (loss) in the governmental fund types.

The primary in-kind contributions consisted of free rent for two meal sites and office.

A summary of the in-kind contributions and their respective values is as follows:

Facility rentals	\$ 19,200
Blood Pressure Screenings	2,100
Total in-kind contributions	<u>\$ 21,300</u>

**NOTE 9 – Income Status**

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

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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**NOTE 10 – Lease and Rental Commitments**

The Council has no capital leases but on February 1, 1003, it entered into an operating lease with the Lincoln Parish Police Jury and Town of Dubach, Louisiana, to lease the building that the Council currently occupies at 307 Homer Street, Ruston, Louisiana. Also included in this lease is the use of an addition (the Senior Center) that is adjacent to that building. Terms of the lease require the Council to pay over the term of this lease (\$2,600 annually). The lease term runs from February 1, 1002 to January 31, 2042.

Other significant terms of the lease require the Council to (1) maintain at least \$500,000 of liability insurance, (2) pay all the contents insurance of the buildings, and (3) be responsible for the costs of interior maintenance. The City of Ruston is responsible for all costs relating to utilities, building fire and flood insurance, and major repairs to the external structure, heating and cooling system, and plumbing.

The Council also leases a copy machine for \$223 per month. The lease operates on a month-to-month basis.

Total rent expenditures/ expenses of \$6,060, have been included in these financial statements.

**NOTE 11 – Judgment, Claims, and Similar Contingencies**

There is no litigation pending against the Council as of year-end. 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 12 – Contingencies-Grant Programs**

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any 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 13 – Economic Dependency**

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

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

**NOTE 14 – Interfund Receivables and Payables**

Because the Council operates most of 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 cost under the grant programs. Such advances create short-term interfund loans. At June 30, 2005 there were no outstanding interfund balances.

**NOTE 15 – 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 year that exceeded the Council's insurance coverage.

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

**NOTE 16 – Interfund Transfers**

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

	Fund Transferred To			Total
	Title III B	Title III C-1	Non- Major	
Transfer From General Fund	\$24,614	\$ -	\$ -	\$24,614
Total General Fund	<u>24,614</u>	<u>-</u>	<u>-</u>	<u>24,614</u>
Special Revenue Fund				
<i>Major Funds:</i>				
NSIP	-	13,229	-	13,229
<i>Non-Major Funds:</i>				
Senior Center	-	-	2,749	2,749
Supplemental Senior Center	1,076	-	-	1,076
Total Special Revenue Funds	<u>1,076</u>	<u>13,229</u>	<u>2,749</u>	<u>17,054</u>
Total all Funds	<u>\$25,690</u>	<u>\$13,229</u>	<u>\$ 2,749</u>	<u>\$41,668</u>

Transfers are used to (1) 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 to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Lincoln Council on Aging, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

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

**NOTE 17 – Prior Period Adjustment**

A prior period adjustment is reflected on the Statement of Activities in the amount of \$6,461. The adjustment was made to correct prior year accumulated depreciation balances.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Lincoln Council on Aging, Inc.**  
**Budgetary Comparison Schedule -- General Fund**  
**For The Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>				
<b>Intergovernmental</b>				
Governor's Office of Elderly Affairs	\$ 21,230	\$ 21,048	\$ 21,048	\$ -
Public Support	5,000	5,000	9,784	4,784
Investment Income	-	-	-	-
<b>Total Revenues</b>	<b>26,230</b>	<b>26,048</b>	<b>30,832</b>	<b>4,784</b>
<b>Expenditures</b>				
<b>Current:</b>				
Travel	-	-	685	(685)
Operating Services	6,060	6,670	8,624	(1,954)
Operating Supplies	2,000	2,000	965	1,035
Other Costs	5,000	5,000	6,264	(1,264)
Full Service Contracts	-	-	-	-
Meals	-	-	-	-
Utility Assistance	-	-	-	-
Capital Outlays	-	-	-	-
<b>Total Expenditures</b>	<b>13,060</b>	<b>13,670</b>	<b>16,538</b>	<b>(2,868)</b>
<b>Excess (deficiency) of Revenues over Expenditures</b>	<b>13,170</b>	<b>12,378</b>	<b>14,294</b>	<b>1,916</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in fund balances</b>	<b>13,170</b>	<b>12,378</b>	<b>14,294</b>	<b>1,916</b>
<b>Fund Balances, Beginning of Year</b>	<b>45,480</b>	<b>45,480</b>	<b>45,480</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 58,650</b>	<b>\$ 57,858</b>	<b>\$ 59,774</b>	<b>\$ 1,916</b>

The accompanying notes are an integral part of this financial statement.



**Lincoln Council on Aging, Inc.**  
**Budgetary Comparison Schedule – Title III B Fund**  
**For The Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
<b>Revenues</b>				
<hr/>				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 69,237	\$ 69,237	\$ 69,237	\$ -
Public Support	6,000	4,250	4,261	11
Inkind Contributions	2,365	2,365	2,365	-
Total Revenues	77,602	75,852	75,863	11
<hr/>				
<b>Expenditures</b>				
<hr/>				
Current:				
Personnel	57,272	53,933	53,746	187
Fringe	4,481	4,413	4,470	(57)
Travel	1,079	1,400	1,174	226
Operating Services	28,366	27,289	30,139	(2,850)
Operating Supplies	6,857	8,244	8,859	(615)
Other Costs	2,667	2,640	317	2,323
Full Service Contracts	-	-	-	-
Meals	-	-	-	-
Utility Assistance	-	-	-	-
Capital Outlays	-	490	483	7
Inkind	2,365	2,365	2,365	-
Total Expenditures	103,087	100,774	101,553	(779)
<hr/>				
<b>Excess (deficiency) of Revenues over Expenditures</b>	(25,485)	(24,922)	(25,690)	(768)
<hr/>				
<b>Other Financing Sources (Uses)</b>				
Transfers In	25,485	24,922	25,690	768
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	25,485	24,922	25,690	768
<hr/>				
Net increase (decrease) in fund balances	-	-	-	-
<hr/>				
<b>Fund Balances, Beginning of Year</b>	-	-	-	-
<hr/>				
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

**Lincoln Council on Aging, Inc.**  
**Budgetary Comparison Schedule – Title III C-1 Fund**  
**For The Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
<b>Revenues</b>				
<b>Intergovernmental</b>				
Governor's Office of Elderly Affairs	\$ 52,113	\$ 49,974	\$ 49,974	\$ -
Public Support	14,500	14,000	18,909	4,909
Inkind Contributions	4,645	4,645	4,565	(80)
<b>Total Revenues</b>	<b>71,258</b>	<b>68,619</b>	<b>73,448</b>	<b>4,829</b>
<b>Expenditures</b>				
<b>Current:</b>				
Personnel	28,528	28,640	29,481	(841)
Fringe	2,227	2,340	2,389	(49)
Travel	228	-	-	-
Operating Services	8,170	7,993	8,522	(529)
Operating Supplies	457	477	501	(24)
Other Costs	242	229	240	(11)
Full Service Contracts	-	-	-	-
Meals	42,000	42,000	40,613	1,387
Utility Assistance	-	-	-	-
Capital Outlays	-	350	366	(16)
Inkind	4,645	4,645	4,565	80
<b>Total Expenditures</b>	<b>86,497</b>	<b>86,674</b>	<b>86,677</b>	<b>(3)</b>
<b>Excess (deficiency) of Revenues over Expenditures</b>	<b>(15,239)</b>	<b>(18,055)</b>	<b>(13,229)</b>	<b>4,826</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	15,239	18,055	13,229	(4,826)
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>15,239</b>	<b>18,055</b>	<b>13,229</b>	<b>(4,826)</b>
Net increase (decrease) in fund balances	-	-	-	-
<b>Fund Balances, Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this financial statement.

**Lincoln Council on Aging, Inc.**  
**Budgetary Comparison Schedule – Title III C-2 Fund**  
**For The Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	GAAP Basis	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
<hr/>				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 118,694	\$ 114,785		\$ (114,785)
Public Support	9,800	10,000		(10,000)
Inkind Contributions	1,815	1,815		(1,815)
Total Revenues	130,309	126,600	-	(126,600)
<hr/>				
<b>Expenditures</b>				
<hr/>				
Current:				
Personnel	45,821	37,778		37,778
Fringe	3,584	3,092		3,092
Travel	7,752	7,750		7,750
Operating Services	13,115	11,768		11,768
Operating Supplies	4,929	5,568		5,568
Other Costs	267	222		222
Full Service Contracts	-			-
Meals	75,000	75,000		75,000
Utility Assistance	-	-		-
Capital Outlays	-	339		339
Inkind	1,815	1,815		1,815
Total Expenditures	152,283	143,332	-	143,332
<hr/>				
<b>Excess (deficiency) of Revenues over Expenditures</b>	(21,974)	(16,732)	-	16,732
<hr/>				
<b>Other Financing Sources (Uses)</b>				
Transfers In	21,974	16,732		(16,732)
Transfers Out	-	-		-
Total Other Financing Sources (Uses)	21,974	16,732	-	(16,732)
<hr/>				
Net increase (decrease) in fund balances	-	-	-	-
<hr/>				
<b>Fund Balances, Beginning of Year</b>	-	-	-	-
<hr/>				
<b>Fund Balances, End of Year</b>	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this financial statement.

**Lincoln Council on Aging, Inc.**  
**Budgetary Comparison Schedule – NSIP Fund**  
**For The Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP Basis	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
<hr/>				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 30,239	\$ 22,877	\$ 27,241	\$ 4,364
Public Support	-	-	-	-
Inkind Contributions	-	-	-	-
Total Revenues	30,239	22,877	27,241	4,364
<hr/>				
<b>Expenditures</b>				
<hr/>				
Current:				
Personnel	-	-	-	-
Fringe	-	-	-	-
Travel	-	-	-	-
Operating Services	-	-	-	-
Operating Supplies	-	-	-	-
Other Costs	-	-	-	-
Full Service Contracts	-	-	-	-
Meals	-	-	-	-
Utility Assistance	-	-	-	-
Capital Outlays	-	-	-	-
Inkind	-	-	-	-
Total Expenditures	-	-	-	-
<b>Excess (deficiency) of Revenues over Expenditures</b>	<b>30,239</b>	<b>22,877</b>	<b>27,241</b>	<b>4,364</b>
<hr/>				
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	(30,239)	(22,877)	(13,229)	9,648
Total Other Financing Sources (Uses)	(30,239)	(22,877)	(13,229)	9,648
Net increase (decrease) in fund balances	-	-	14,012	14,012
<b>Fund Balances, Beginning of Year</b>	<b>73,671</b>	<b>73,671</b>	<b>73,671</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 73,671</b>	<b>\$ 73,671</b>	<b>\$ 87,683</b>	<b>\$ 14,012</b>

The accompanying notes are an integral part of this financial statement.

**Lincoln Council on Aging, Inc.**  
**Budgetary Comparison Schedule – Senior Center Fund**  
**For The Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>Revenues</b>				
<hr/>				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 26,677	\$ 25,657	\$ 25,657	\$ -
Public Support	-	-	-	-
Inkind Contributions	11,100	11,100	11,100	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	37,777	36,757	36,757	-
<hr/>				
<b>Expenditures</b>				
<hr/>				
Current:				
Personnel	19,005	18,314	18,473	(159)
Fringe	1,494	1,505	1,532	(27)
Travel	-	-	-	-
Operating Services	6,060	6,670	6,521	149
Operating Supplies	2,000	2,000	1,880	120
Other Costs	-	-	-	-
Full Service Contracts	-	-	-	-
Meals	-	-	-	-
Utility Assistance	-	-	-	-
Capital Outlays	-	-	-	-
Inkind	11,100	11,100	11,100	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	39,659	39,589	39,506	83
<hr/>				
Excess (deficiency) of Revenues over Expenditures	(1,882)	(2,832)	(2,749)	(83)
<hr/>				
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,882	2,832	2,749	(83)
Transfers Out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	1,882	2,832	2,749	(83)
<hr/>				
Net increase (decrease) in fund balances	-	-	-	-
<hr/>				
Fund Balances, Beginning of Year	-	-	-	-
<hr/>				
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this financial statement.

**Lincoln Council on Aging, Inc.**  
**Notes to Budgetary Comparison Schedules**  
**For The Year Ended June 30, 2006**

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The Council follows these procedures in establishing the budgetary data reflected in these financial statements:

The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for each program's grant award.

The executive director prepares a proposed budget based on the funding levels provided by GOEA and then submits the budget to the Board of Directors for approval.

The Board of Directors reviews and adopts the budget before June 30<sup>th</sup> of the current year for the next year.

The adopted budget is forwarded to the Governor's Office of Elderly Affairs for final approval.

All budgetary appropriations lapse at the end of the fiscal year.

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

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

The Council may transfer funds between line items as often as required, but must obtain prior approval for the Governor's Office of Elderly Affairs for funds received under grants from this state agency.

Expenditures cannot legally exceed appropriations on an individual level.

Amounts were not budgeted for revenues and expenses for the utility assistance fund because they were not legally required and the amount of revenues to be received under this program could not be determined.

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

**Lincoln Council on Aging, Inc.**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For The Year Ended June 30, 2006**

<b>Revenues</b>	<b>Title III-E</b>	<b>Title III-C - AAA</b>	<b>Title III-D</b>
Intergovernmental	\$ 6,834	\$ 18,415	\$ 2,991
Public Support	-	-	-
Entergy Project Care	-	-	-
Interest Earned	-	-	-
In- Kind Contributions	-	1,375	-
<b>Total Revenues</b>	<b>6,834</b>	<b>19,790</b>	<b>2,991</b>
<b>Expenditures</b>			
Health, Welfare & Social Services			
Personnel	-	11,519	-
Fringe	-	921	-
Travel	-	-	-
Operating Services	6,834	5,134	2,991
Operating Supplies	-	381	-
Other Costs	-	182	-
Full Service Contracts	-	-	-
Meals	-	-	-
Utility Assistance	-	-	-
Capital Outlays	-	278	-
InKind Contributions	-	1,375	-
<b>Total Expenditures</b>	<b>6,834</b>	<b>19,790</b>	<b>2,991</b>
<b>Excess of Revenues over Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers - In	-	-	-
Operating Transfers - Out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



Utility Assistance	Audit	Supplemental Senior Center	Total
\$ -	\$ 2,352	\$ 3,825	\$ 34,417
-	-	-	-
6,437	-	-	6,437
35	-	-	35
-	-	-	1,375
<u>6,472</u>	<u>2,352</u>	<u>3,825</u>	<u>42,264</u>
-	-	-	11,519
-	-	-	921
-	-	-	-
-	-	-	14,959
-	-	-	381
-	2,352	-	2,534
-	-	-	-
-	-	-	-
3,704	-	-	3,704
-	-	-	278
-	-	-	1,375
<u>3,704</u>	<u>2,352</u>	<u>-</u>	<u>35,671</u>
<u>2,768</u>	<u>-</u>	<u>3,825</u>	<u>6,593</u>
-	-	-	-
-	-	(3,825)	(3,825)
-	-	(3,825)	(3,825)
<u>2,768</u>	<u>-</u>	<u>-</u>	<u>2,768</u>
2,702	-	-	2,702
<u>\$ 5,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,470</u>

The accompanying notes are an integral part of this financial statement.

**Lincoln Council on Aging, Inc.**  
**Schedule of General Fixed Assets**  
**For The Year Ended June 30, 2006**

	<b>Balance June 30, 2005</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2006</b>
<b>General Fixed Assets:</b>				
Vehicles	\$ 168,396	\$ -	\$ -	\$ 168,396
Furniture and equipment	61,382	1,464	-	62,846
<b>Total general fixed assets</b>	<b>\$ 229,778</b>	<b>\$ 1,464</b>	<b>\$ -</b>	<b>\$ 231,242</b>
<b>Investments in general fixed assets:</b>				
Property acquired with funds from-				
Ombudsman	\$ 1,399	\$ -	\$ -	\$ 1,399
Title IIIB - SS	12,196	490	-	12,686
Title IIIC - Admissions	5,635	286	-	5,921
Title IIIC - 1	12,693	339	-	13,032
Title IIIC - 2	24,541	349	-	24,890
Title IIID	9,349	-	-	9,349
Title IIIF	8,351	-	-	8,351
Senior Center	32,561	-	-	32,561
General funds and local donations	49,839	-	-	49,839
PCOA	40,768	-	-	40,768
Section 531	30,410	-	-	30,410
Supplemental Senior Center	2,036	-	-	2,036
<b>Total investment in general fixed assets</b>	<b>229,778</b>	<b>1,464</b>	<b>-</b>	<b>231,242</b>

The accompanying notes are an integral part of this financial statement.

**Lincoln Council on Aging, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For The Year Ended June 30, 2006**

<u>Federal Grantor/Pass-Through Grantors/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant Year Ended</u>	<u>Program or Award Amount</u>	<u>Federal Revenue Recognized</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Health and Human Services - Administration on Aging</u>					
Passed through the Governor's Office of Elderly Affairs: Special Programs for the Aging:					
Title III, Part B - Supportive Services and Senior Centers	93.044	6/30/2006	\$ 69,237	\$ 69,237	\$ 69,237
Title III, Part C - Nutrition Services (Area Agency Administration)	93.045	6/30/2006	18,800	18,415	18,415
Title III, Part C-1 - Nutrition Services (Congregate Meals)	93.045	6/30/2006	49,974	49,974	49,974
Title III, Part C-2 - Nutrition Services (Home-Delivered Meals)	93.045	6/30/2006	114,785	114,785	114,785
Subtotal CFDA #93.045			<u>183,559</u>	<u>183,174</u>	<u>183,174</u>
Title III Part D - Disease Prevention and Health Promotion	93.043	6/30/2006	2,991	2,991	2,991
Title III Part E - Care Giver	93.052	6/30/2006	25,657	25,657	25,657
Totals for U. S. Department of Health and Human Services - Administration on Aging			<u>281,444</u>	<u>281,059</u>	<u>281,059</u>
<u>U. S. Department of Agriculture</u>					
Passed through the Governor's Office of Elderly Affairs N.S.I.P. - Nutritional Services Incentive Programs	93.053	6/30/2006	33,200	33,200	33,200
Total for U. S. Department of Agriculture			<u>33,200</u>	<u>33,200</u>	<u>33,200</u>
Total Federal Grants			<u>\$ 314,644</u>	<u>\$ 314,259</u>	<u>\$ 314,259</u>

See accompanying notes to the schedule of federal awards.

**Lincoln Council on Aging, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For The Year Ended June 30, 2006**

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**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards included the federal grant activity of the Lincoln Council on Aging, Inc. and has been prepared using the modified accrual basis of accounting as contemplated under generally accepted accounting principles and which is the same basis of accounting used for presenting the fund financial statements.

The Council did not pass-through any of its awards to a sub recipient during the fiscal year.

No federal awards were expended in the form of non-cash assistance during the fiscal year.

# Douglas A. Brewer, LLC

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

To The Board of Directors  
Lincoln Council on Aging, Inc.  
Ruston, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln Council on Aging, Inc., as of and for the year ended June 30, 2006, which collectively comprise the Council's basic financial statements and have issued my report thereon dated December 28, 2006. 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 Lincoln Council on Aging, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

### **Compliance and Other Matters**

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

To the Board of Directors  
Lincoln Council on Aging, Inc.  
Page 2

This report is intended solely for the information of management, the Governor's Office of Elderly Affairs and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:516, this report is distributed by the Legislative Auditor as a public document.

*Dale A. Brewer, LLC*

Ruston, Louisiana  
December 28, 2006

**Lincoln Council on Aging, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2006**

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**Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements for the year ended June 30, 2006.
2. No reportable conditions were disclosed during the audit of the financial statements in the 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*.

**Findings – Financial Statements Audit Reportable Conditions**

N/A

**Lincoln Council on Aging, Inc.**  
**Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2006**

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**Internal Control and Compliance Material to the Financial Statements**

No reportable conditions were disclosed during the audit of the financial statements in the 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*.

**Management Letter**

No management letter was issued.