

CALDWELL COUNCIL ON AGING, INC.

Columbia, Louisiana

FINANCIAL STATEMENTS

June 30, 2010

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

Release Date 12/22/10

Marsha O. Millican  
A Professional Accounting Corporation  
Shreveport, Louisiana

CALDWELL COUNCIL ON AGING, INC.

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CALDWELL COUNCIL ON AGING, INC.

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Caldwell Council on Aging, Inc.  
Columbia, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Caldwell Council on Aging, Inc., as of and for the year ended June 30, 2010 which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Caldwell Council on Aging, Inc., 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 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

*In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caldwell Council on Aging, Inc. as of June 30, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.*

The management's discussion and analysis presented on pages 3 through 11 and the supplementary financial information required by GASB on pages 39 through 40 and supplementary financial information required by GOEA on pages 41 and 42, 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 inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, I have also issued a report dated August 19, 2010, on my consideration of Caldwell Council on Aging, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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.

*Masha D. Millican*

Certified Public Accountant  
August 19, 2010

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

This section of Caldwell Council on Aging, Inc.'s annual financial report provides an overview of the Council's financial activities during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the Council's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The Council showed a net decrease in overall net assets of \$84,607 this year.
- Net Capital Assets of the Council decreased by \$11,879.
- The unreserved, undesignated fund balance for the Council's General Fund is \$214,407.

### **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 12 and 13) 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 14. For governmental activities, 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 her 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 GASB 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 this report.

#### **Reporting the Council as a Whole Using Government-Wide Statements**

Our analysis of the Council as a whole begins on page 9. 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 12 to 13 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 will need to consider other nonfinancial 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 public, such as the elderly. In other words, the people benefitting 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.

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

Our analysis of the council's major funds begins on page 7. The Fund Financial Statements can be found on pages 14 to 15 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 year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, 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 a 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 Financial Statements**

The notes provide additional information that is essential to a full understanding of the provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 to 38. You should read the notes before making assumptions or drawing conclusions about the Council's financial condition.

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

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has 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 the 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 we 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 second 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 41 to 42. 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 not set forth in the grants that it has with the Council.

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

The following table reflects condensed information on the Council's net assets for the year ended June 30,

	2010	2009
Current and other assets	\$ 241,614	\$ 331,945
Capital Assets, net of depreciation	256,491	268,370
Total Assets	<u>498,105</u>	<u>600,315</u>
Accounts Payable and Accrued Expenses	34,801	40,221
Notes Payable	52,035	64,218
Total Liabilities	<u>86,836</u>	<u>104,439</u>
Invested in capital assets, net of related debt	204,456	204,152
Restricted	2,269	473
Unrestricted	204,544	291,251
Total Net Assets	<u>\$ 411,269</u>	<u>\$ 495,876</u>

As of June 30, 2010, the Council "as a whole" had assets greater than its liabilities by \$411,269.

The long term debt represents amounts borrowed for the purchase of the facilities at 307 Main Street Columbia, Louisiana. The Council reduced its long-term indebtedness by \$12,189 during the year.

The liability for compensated absences 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 work 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 the payments.

For the year ended June 30, 2010, total revenue exceeded total expenses as follows:

	<u>2010</u>	<u>2009</u>
<i>Revenues</i>		
Program Revenues:		
Operating Grants and Contributions	\$ 1,327,515	\$ 1,420,913
Capital Grants	-	-
General Revenues:		
Unrestricted Grants and Contributions	67,500	79,037
Other General Revenues	9,843	1,349
	<u>1,404,858</u>	<u>1,501,299</u>
<i>Direct Program Expenses of the Health, Welfare, and Social Services Function:</i>		
<i>Supportive Services:</i>		
Case Management	1,137,571	1,065,215
Other Supportive Services	20,856	7,003
Homemaker	33,115	16,998
Information and Assistance	1,394	449
Legal Assistance	1,776	1,776
Outreach	552	449
Transportation	97,331	127,247
<i>Nutrition Services:</i>		
Congregate Meals	36,899	29,607
Home Delivered Meals	44,786	50,150
Utility Assistance	2,658	7,293
Disease Prevention and Health Promotion	1,768	1,824
National Family Caregiver Support	13,121	13,741
Direct Administration Expenses	97,638	82,988
	<u>1,489,465</u>	<u>1,405,100</u>
Total Expenses	<u>1,489,465</u>	<u>1,405,100</u>
Increase (Decrease) in Net Assets	<u>\$ (84,607)</u>	<u>\$ 96,199</u>

## AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

Most of the Council's activities are funded by federal, state, and local grants. These grants amount to approximately 95% of the revenues of the Council in 2010. 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 2% of the total revenues for 2010.

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

An indication of how we are using money efficiently can be analyzed by calculating the percentage administration expenses bearers in relation to total expenses. For 2010, total administration expenses were \$97,638, or 6% of total expenses.

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

### **Fund Balances**

The Council showed a combined governmental fund the balance of \$310,823.

### **Revenues**

The combined fund revenues increased \$125,358 this year versus last year.

### **Expenditures**

Total expenditures decreased by \$62,049 this year.

## **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 March 25, 2010. The amendment effectively approves any expenditure that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for an anticipated changes in both revenues and expenditures and to prevent compliance violations under the Councils grants from GOEA.

You can find schedules of the original and amended budget in the Supplementary Financial Information Required by GASB Statement 34 section of this report on pages 39 to 40. 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 us the opportunity to use hindsight to adjust the forecast that it made at the beginning of the year. With only two months 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 \$256,491 in fixed assets net of accumulated depreciation. This amounted to a net decrease of \$11,849 from the prior year. The current provision current year provision for depreciation is \$30,235, asset purchases were \$8,410, and deletions were \$1,936.

At year end, the Council had notes outstanding of \$52,035. We have already discussed the

nature and effects of the compensated absence liability.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2011, it was important that we deliver at least the same level of service to our clients and the public as we did in 2010. All of the Council's grants and contracts from the usual federal and state agencies have been approved for the year ending 2011. 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 for more information, you should contact Mrs. Dottie Etheridge, the Council's Executive Director, at the Council's main office located at 307 Main Street, Columbia, Louisiana, or by phone at 318-649-2584.

CALDWELL COUNCIL ON AGING, INC.

Government Wide Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 202,446
Grants and contracts receivable	39,168
Capital assets, net of accumulated depreciation	<u>256,491</u>
<b>Total assets</b>	<u>\$ 498,105</u>
<b>Liabilities</b>	
Accounts payable	\$ 24,938
Accrued compensated absences:	
Current portion	3,353
Non-current portion	6,510
Notes payable:	
Current portion	12,702
Non-current portion	<u>39,333</u>
<b>Total liabilities</b>	<u>\$ 86,836</u>
<b>Net assets</b>	
Invested in Capital Assets, net of debt	\$ 204,456
Restricted for:	
NSIP	1,794
Utility assistance	475
Unrestricted	<u>204,544</u>
	<u>\$ 411,269</u>

The accompanying notes are an integral part of this statement.

CALDWELL COUNCIL ON AGING, INC.  
GOVERNMENT WIDE STATEMENT OF ACTIVITIES

For the Year ended June 30, 2010

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expenses) Revenues and Increases (Decreases) in Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services		
<b>Governmental Activities</b>					
Health, Welfare & Social Services:					
Supporting Services:					
Homemaker	\$33,115	\$6,573	\$ -	43,956	4,268
Information and Assistance	1,394	276	-	1,851	181
Outreach	552	109	-	732	71
Legal Assistance	1,776	-	-	1,776	-
Transportation	97,331	19,324	-	71,681	(44,974)
Other Services	20,856	3,629	-	27,683	3,198
Case Management	1,137,571	27,755	-	1,048,903	(116,423)
<b>Nutrition Services:</b>					
Congregate Meals	36,899	9,628	-	47,751	1,224
Home Delivered Meals	44,786	15,268	-	50,616	(9,438)
Utility Assistance	2,658	-	-	2,668	10
Disease Prevention and Health Promotion	1,768	251	-	2,019	-
National Family Caregiver Support Administration	13,121	1,639	-	14,693	(67)
	97,638	(84,452)	-	13,186	-
<b>Total Governmental activities</b>	<b>\$ 1,489,465</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,327,515</b>	<b>(161,950)</b>
<b>General Revenues:</b>					
Grants and contributions not restricted to specific programs					67,500
Miscellaneous					9,843
Total general revenues and special items					77,343
Increase (Decrease) in net assets					(84,607)
Net assets, beginning of year					495,876
Net assets - end of the year					<u>411,269</u>

The accompanying notes are an integral part of this statement.

CALDWELL COUNCIL ON AGING, INC.  
Balance Sheet  
Governmental Funds  
June 30, 2010

	General Fund	Case Management	Non-Major Funds	Total
<b>Assets</b>				
Cash	\$ 202,446	\$ -	\$ -	\$ 202,446
Grants and contracts receivable	2,018	22,583	14,567	39,168
Due from other funds	34,881	-	-	34,881
Prepaid Insurance	-	-	-	-
<b>Total Assets</b>	<b>\$ 239,345</b>	<b>\$ 22,583</b>	<b>\$ 14,567</b>	<b>\$ 276,495</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 24,938	\$ -	\$ -	\$ 24,938
Due to funding agency	-	-	-	-
Due to other funds	-	22,583	12,298	34,881
<b>Total Liabilities</b>	<b>24,938</b>	<b>22,583</b>	<b>12,298</b>	<b>59,819</b>
<b>Fund Balances:</b>				
Reserved for:				
Utility assistance	-	-	475	475
NSIP	-	-	1,794	1,794
Unreserved/Undesignated:				
General Fund	214,407	-	-	214,407
Special Revenue Fund	-	-	-	-
<b>Total Fund Balances</b>	<b>214,407</b>	<b>-</b>	<b>2,269</b>	<b>216,676</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 239,345</b>	<b>\$ 22,583</b>	<b>\$ 14,567</b>	<b>\$ 276,495</b>

Amounts reported for governmental activities in the statement of net assets are different because:  
 Notes payable are not paid out of current financial resources and are not reported in the funds  
 Compensated absences are not paid out of current financial resources and are not reported in the funds.  
 Capital assets are not financial resources and are not reported in the funds.

(52,035)  
(9,863)  
256,491

\$ 411,269

CALDWELL COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2010

	<u>General</u>	<u>Case Management</u>	<u>Non-Major Funds</u>	<u>Total</u>
<b><u>REVENUES</u></b>				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 67,500	\$ -	\$ 183,488	\$ 250,988
Louisiana Department of:				
Transportation and Development	-	-	67,634	67,634
Health and Hospitals	6,356	1,048,903	-	1,055,259
Public Support:				
Unrestricted	-	-	-	-
Restricted - Utility Programs	-	-	2,668	2,668
Client Contributions	-	-	18,466	18,466
Miscellaneous	9,843	-	-	9,843
<b>Total Revenues</b>	<b>83,699</b>	<b>1,048,903</b>	<b>272,256</b>	<b>1,404,858</b>
<b><u>EXPENDITURES</u></b>				
Health, Welfare & Social Services				
Current:				
Salaries	1,049	821,697	131,867	954,613
Fringe	117	73,618	13,271	87,006
Travel	212	71,918	6,907	79,037
Operating services	19,642	87,652	51,948	159,242
Operating supplies	2,233	13,284	30,690	46,207
Other costs	68	68,482	19,606	88,156
Meals	-	-	61,786	61,786
Utility assistance	-	-	2,658	2,658
Capital outlay	18,997	-	1,295	20,292
<b>Total expenditures</b>	<b>42,318</b>	<b>1,136,651</b>	<b>320,028</b>	<b>1,498,997</b>
Excess (deficiency) of revenues over expenditures	41,381	(87,748)	(47,772)	(94,139)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers in	22,117	87,748	113,576	223,441
Operating transfers out	(159,441)	-	(64,000)	(223,441)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(95,943)	-	1,804	(94,139)
<b><u>FUND BALANCES (DEFICIT)</u></b>				
Beginning of year (deficit)	310,350	-	465	310,815
End of year	\$ 214,407	\$ -	\$ 2,269	\$ 216,676

The accompanying notes are an integral part of this statement.

CALDWELL COUNCIL ON AGING, INC.

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

Year Ended June 30, 2010

Net Increase (Decrease) in fund balances total governmental funds.	\$ (94,139)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$30,235) exceeds capital outlay (\$20,292) in the current period.	(9,943)
Proceeds from sale of capital items are shown as revenue. However, in the statement of activities, the cost basis of the capital item is deducted from the sales price to show the gain on the item sold.	(1,944)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	9,236
The repayment of long-term debt consumes the current financial resources of governmental funds. The repayment of debt is not an expenditure in statement of activities.	<u>12,183</u>
Increase (Decrease) of net assets of governmental activities.	<u>\$ (84,607)</u>

The accompanying notes are an integral part of this statement.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 1 - 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 Caldwell 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 levels; 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) and other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Specific services provided by the Council to the elderly residents of Caldwell Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, utility assistance, homemakers, recreation, legal assistance, 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 a 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 Caldwell Council on Aging is a legally separate, non-profit, quasi-public formed on July 25, 1969.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

**B. Reporting Entity: (Continued)**

A board of directors, consisting of 17 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected annually in the following manner:

Board members are elected by the general membership of the council on aging. The board is composed of a balanced representation of the community's composition, having no more than one-half of the board as elected officials.

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

Based on the criteria set forth in GASB Statement 14, the Caldwell Council on Aging 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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Government 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 of the significant changes in the Statement include the following:

The financial statements include:

- . 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 of the Council's activities.
- . A change in the fund financial statements to focus on 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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

**D. Basic Financial Statements - Government-Wide Statements:**

The Council's basic financial statements include 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 government type activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. 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 NSIP 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 NSIP 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

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**D. Basic Financial Statements - Government-Wide Statements:  
(Continued)**

the restricted resources. As a result, the Council will depart from its usual policy of using restricted 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 net 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 operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

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 labeled "indirect cost allocation". 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 - Fund Financial 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 in

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Basic Financial Statements - Fund Financial Statements:  
(Continued)**

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 (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 of 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 or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

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

**The General Fund** is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. The major component of the General Fund is the case management program in which services are provided to mentally retarded/developmentally disabled individuals, children and elderly that meet program qualifications.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

**E. Basic Financial Statements - Fund Financial Statements:  
(Continued)**

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

A 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:

**Case Management (Major Fund)**

The **Case Management Fund** provides case management services with knowledgeable staff assuring the health and safety needs of the recipient are met through the development of a Comprehensive Plan of Care that is based upon a person-centered plan.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

**E. Basic Financial Statements - Fund Financial Statements:  
(Continued)**

**Non-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	479
. Outreach	75
. Homemaker	1,199
. Recreation	10,451
. Transportation for people age 60 or older	10,121
. Legal	180
. Utility Assistance	20

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 10,296 meals during the year to persons eligible to participate in this program.

The Title III C-1 Fund is used to account for funds that are used to provide nutritional congregate meals to the elderly at meal sites located in Columbia and surrounding areas. During the year the Council served 10,524 meals to persons eligible to participate in this program.

The Section 18 Funds are provided by the U. S. Department of Transportation through the Louisiana Department of Transportation and Development (DOTD). Funds received by the Council are based on actual operating cost of providing transportation services to rural residents within Caldwell Parish. As part of calculating the operating costs of this program, the Council may apportion some of the in-kind contributions it receives as allowable transportation expenses. This provision results in the Council receiving cash reimbursement for costs that it did not

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Basic Financial Statements - Fund Financial Statements:  
(Continued)**

spend cash for. Section 18 funds are used as operating transfers to help pay for costs incurred in providing transportation services under the Council's various transportation programs.

The **Title III C Area 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 275 units of medication management services and 390 units of nutrition counseling were provided to eligible participants in this program.

The **Title III-E Caregiver Funds** are provided by the U. S. Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program provides in-home services and community services for the elderly.

The **Senior Center Fund** is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide 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 Caldwell Parish is located in Columbia. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, during the fiscal year, the Senior Center Fund transferred all of

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

**E. Basic Financial Statements - Fund Financial Statements:  
(Continued)**

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 senior center.

**The Nutritional Services Incentive Fund** is used to account for the administration of the Food Distribution Program 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. GOEA distributes 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 NSI reimbursement is to provide money to the Council so that United States food and commodities may be purchased to supplement nutrition programs.

**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 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 20 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 the 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 Caldwell Council on Aging, Inc. was one of the parish councils to receive a supplemental grant of \$3,100.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The money received by this fund during the year was transferred to the Title III-B to supplement costs in that fund.

**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 Statements (GWFS)**

The Statement of Net Assets and 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 transaction 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 the modified accrual basis of accounting when the related liability is incurred. The exceptions

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**F. Measurement Focus and Basis of Accounting: (Continued)**

to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims and judgements 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 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 deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

**I. 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 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 asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 1 - Summary of Significant Accounting Policies (Continued)**

For capital assets recorded on 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 the various classes of depreciable capital assets are as follows:

Building Improvements	20 years
Equipment	5-7 years
Vehicles	5 years
Computers	3 years

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

**J. 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.

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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**K. Allocation of Indirect Expenses:**

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. 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.

**L. 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.

**M. 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.

**N. 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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 2 - Revenue Recognition**

Revenues are recorded 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, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded in the period received.

**Note 3 - Cash**

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

At year-end, the carrying amount of the Council's cash balances on the books was \$202,446, whereas, the related bank cash balances totaled \$232,041. The difference in the book and bank balances for cash relates primarily to deposits made and checks written which did not clear the bank accounts by year-end. Bank balances were fully insured by federal depository insurance.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 4 - Government Grants and Contracts Receivable**

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state or local funds; such amounts being measurable and available as of year-end. Government grants and contracts receivable at year-end consist of reimbursements for expenses incurred under the following programs:

Local:	
Section 18	13,244
Case Management	22,583
Title III E	1,323
Other Local	<u>2,018</u>
Total	<u>\$ 39,168</u>

The Council did not process its case management billings and rebillings on a timely basis for the year ended June 30, 2010. This resulted in the establishment of an allowance for doubtful accounts in the amount of \$46,930

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 5 - Changes in Capital Assets**

A summary of changes in capital assets is as follows:

Capital Assets	Balance 07-01-09	Increases	Decreases	Balance 06-30-2010
Building	\$ 132,000	\$ -	\$ -	\$ 132,000
Building Improvements	162,010	11,189	-	173,199
Furniture & Equipment	183,985	9,103	(8,930)	184,158
Subtotal	<u>477,995</u>	<u>20,292</u>	<u>(8,930)</u>	<u>489,357</u>
Accumulated Depreciation:				
Building	32,600	3,300	-	35,900
Building Improvements	32,977	2,350	-	35,327
Furniture & Equipment	144,048	24,585	(6,994)	161,639
Subtotal	<u>209,625</u>	<u>30,235</u>	<u>(6,994)</u>	<u>232,866</u>
Net Assets	<u>\$ 268,370</u>	<u>\$ (9,943)</u>	<u>\$ (1,936)</u>	<u>\$ 256,491</u>

Depreciation was charged to governmental activities as follows:

Administration	\$ 8,007
Case Management	14,234
Transportation	7,994
Homemaker	-
Total depreciation for governmental activities	<u>\$ 30,235</u>

**Note 6 - Board of Directors' Compensation**

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

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 7 - Income Tax Status**

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

**Note 8 - Economic Dependency**

The Council receives the majority of its revenue through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA), the Louisiana Department of Health and Hospitals, 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 levels, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

**Note 9 - 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 costs under the grant programs. Such advances create short-term interfund loans in the Fund Financial Statements. A summary of these interfund loans at year-end is as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 34,881	\$ -
Case Management	-	22,583
Special Revenue	-	12,298
	<hr/>	<hr/>
Total	<u>\$ 34,881</u>	<u>\$ 34,881</u>

These loans have been eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 10 - Risk Management**

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

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

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 11 - Interfund Transfers**

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

Transfer To	Funds Transferred From						Total
	Local	PCOA	NSIP	Supplemental Senior Ctr	Senior Center	Section 18	
Case Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-	-	22,117	22,117
Total General	-	-	-	-	-	22,117	22,117
Case Management	87,748	-	-	-	-	-	87,748
Special Revenue Funds:	-	-	-	-	-	-	-
MIPPA	-	165	-	-	-	-	165
AAA	1,073	373	-	-	-	-	1,446
IIIB	2,136	57,500	-	3,100	25,000	-	87,736
C-1	-	-	9,421	-	-	-	9,421
C-2	8	10,000	4,362	-	-	-	14,370
III E	67	-	-	-	-	-	67
Audit	371	-	-	-	-	-	371
Total Special Revenue	3,655	67,500	13,783	3,100	25,000	-	113,576
Total All	\$ 91,403	\$ 67,500	\$ 13,783	\$ 3,100	\$ 25,000	\$ 22,117	\$ 223,441

Transfers are used to (1) move revenues from the fund that statute 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.

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

**Note 12 - Related Party Transactions**

There were no significant related party transactions during the year.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 13 - Long-Term Debt**

Long-term debt at June 30, 2010 consisted of the following:

Note payable dated February 1, 2002 payable in monthly installments of \$1,362, due February 1, 2014, bearing at 7%, collateralized by commercial building.	\$	52,035
Liability for compensated absences		9,863
		<u>61,898</u>
Less: Current portion		<u>16,055</u>
Total long-term debt	<u>\$</u>	<u>45,843</u>

Changes in long-term debt are as follows:

	Notes Payable	Compensated Absences Payable	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance 7/1/09	\$ 64,218	\$ 19,699	\$ 83,317
Increases	-	-	-
Decreases	<u>(12,183)</u>	<u>(9,836)</u>	<u>(22,019)</u>
Total	<u>\$ 52,035</u>	<u>\$ 9,863</u>	<u>\$ 61,298</u>

Maturities of notes payable, including interest of \$8,747 are as follows:

2011	\$	16,344
2012		16,344
2013		16,344
2014		<u>11,750</u>
Total	<u>\$</u>	<u>60,782</u>

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

**Note 14 - In-Kind Contributions**

The Council received various in-kind contributions during the year. No amounts have been reflected in the accompanying financial statements for in-kind contributions, inasmuch as the in-kind contributions do not create a nonfinancial asset.

CALDWELL COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>GAAP</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 67,500	\$ 67,500	\$ 67,500	\$ -
La Dept of Transportation & Development	3,569	4,302	6,356	2,054
Miscellaneous	-	-	9,843	9,843
<b>Total Revenues</b>	<b>71,069</b>	<b>71,802</b>	<b>83,699</b>	<b>11,897</b>
<b>EXPENDITURES</b>				
Current:				
Personnel	22,148	33,640	1,049	32,591
Fringe	1,946	2,953	117	2,836
Travel	7	25	212	(187)
Operating Services	12,571	20,274	19,642	632
Operating Supplies	159	312	2,233	(1,921)
Other Costs	65	100	68	32
Capital Outlay	-	-	18,997	(18,997)
<b>Total Expenditures</b>	<b>36,896</b>	<b>57,304</b>	<b>42,318</b>	<b>14,986</b>
Excess (deficiency) of revenues over expenditures	71,069	14,498	41,381	26,883
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	22,117	22,117
Transfers out	(71,069)	(14,498)	(159,441)	(144,943)
<b>Total other financing sources and uses</b>	<b>(71,069)</b>	<b>(14,498)</b>	<b>(137,324)</b>	<b>(122,826)</b>
Net increase (decrease) in fund balances	-	-	(95,943)	(95,943)
<b>FUND BALANCES</b>				
Beginning of year	310,350	310,350	310,350	-
End of year	\$ 310,350	\$ 310,350	\$ 214,407	\$ (95,943)

CALDWELL COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - Case Management

For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental				
La Department of Health & Hospitals	\$ 1,161,409	\$ 1,161,409	\$ 1,048,903	\$ (112,506)
Public Support	-	-	-	-
Total Revenues	<u>1,161,409</u>	<u>1,161,409</u>	<u>1,048,903</u>	<u>(112,506)</u>
<b>EXPENDITURES</b>				
Current:				
Personnel	879,728	879,728	821,697	58,031
Fringe	79,722	79,722	73,618	6,104
Travel	72,800	72,800	71,918	882
Operating Services	68,160	68,160	87,652	(19,492)
Operating Supplies	20,500	20,500	13,284	7,216
Other Costs	40,499	40,499	68,482	(27,983)
Meals	-	-	-	-
Total Expenditures	<u>1,161,409</u>	<u>1,161,409</u>	<u>1,136,651</u>	<u>24,758</u>
Excess (deficiency) of revenues over expenditures	-	-	<u>(87,748)</u>	<u>(87,748)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	87,748	87,748
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	<u>87,748</u>	<u>87,748</u>
Net increase (decrease) in fund balances	-	-	-	-
<b>FUND BALANCES</b>				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CALDWELL COUNCIL ON AGING, INC.

Statement of Program Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Special Revenue Funds  
For the Year Ended June 30, 2010

<u>Title IIID</u>	<u>Title IIIE</u>	<u>NSIP</u>	<u>Audit</u>	<u>Senior Center</u>	<u>Supple Senior Center</u>	<u>Utility Assist</u>	<u>Section 18</u>	<u>Totals</u>
\$ 1,960	\$14,693	\$15,577	\$ 793	\$25,000	\$ 3,100	\$ -	\$ -	\$183,488
-	-	-	-	-	-	-	67,634	67,634
-	-	-	-	-	-	2,668	-	2,668
59	-	-	-	-	-	-	1,073	18,466
<u>2,019</u>	<u>14,693</u>	<u>15,577</u>	<u>793</u>	<u>25,000</u>	<u>3,100</u>	<u>2,668</u>	<u>68,707</u>	<u>272,256</u>
497	3,745	-	-	-	-	-	17,136	131,867
49	355	-	-	-	-	-	1,831	13,271
7	45	-	-	-	-	-	4,817	6,907
85	557	-	1,164	-	-	-	14,024	51,948
282	980	-	-	-	-	-	7,890	30,690
1,099	9,078	-	-	-	-	-	892	19,606
-	-	-	-	-	-	-	-	61,786
-	-	-	-	-	-	2,658	-	2,658
-	-	-	-	-	-	-	-	1,295
<u>2,019</u>	<u>14,760</u>	<u>-</u>	<u>1,164</u>	<u>-</u>	<u>-</u>	<u>2,658</u>	<u>46,590</u>	<u>320,028</u>
-	(67)	15,577	(371)	25,000	3,100	10	22,117	(47,772)
-	67	-	371	-	-	-	-	113,576
-	-	(13,783)	-	(25,000)	(3,100)	-	(22,117)	(64,000)
-	-	1,794	-	-	-	10	-	1,804
-	-	-	-	-	-	465	-	465
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ 2,269</u>

CALDWELL COUNCIL ON AGING, INC.

Statement of General Fixed Assets  
and Changes in General Fixed Assets  
For the Year Ended June 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
General Fixed Assets, at cost:				
Building	\$ 132,000	\$ -	-	\$ 132,000
Building Improvements	162,010	11,189	-	173,199
Furniture and Equipment	183,985	9,103	8,930	184,158
Total	<u>\$ 477,995</u>	<u>\$ 20,292</u>	<u>\$ 8,930</u>	<u>\$ 489,357</u>
Investment in General Fixed Assets:				
Section 18	\$ 9,753	\$ -	\$ -	\$ 9,753
Section 16	30,975	-	-	30,975
PCOA	20,531	-	-	20,531
Local	416,736	20,292	8,930	428,098
Total	<u>\$ 477,995</u>	<u>\$ 20,292</u>	<u>\$ 8,930</u>	<u>\$ 489,357</u>



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## 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

Board of Directors  
Caldwell Council on Aging, Inc.  
Minden, Louisiana

I have audited the financial statements of Caldwell Council on Aging, Inc. as of and for the year ended June 30, 2010, and have issued my report thereon dated August 19, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a certain deficiency in internal control over financial reporting that I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding #2010-1 to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caldwell 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 or other matters that are required to be reported under Government Auditing Standards.

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FAX: (318) 221-4641

This report is intended solely for the information and use of management and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Marda O. Milhiser*

Certified Public Accountant  
July 29, 2010

CALDWELL COUNCIL ON AGING, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. One significant deficiency relating to the audit of the financial statements was reported as a material weaknesses in the Council's internal control.
3. No instances of noncompliance material to the financial statements of the Council were disclosed during the audit.

FINDING/NONCOMPLIANCE

FINDING 2010 - #1:

Condition: The Council is not adequately managing revenue for its Case Management program.

Criteria: The Council's largest revenue source is its case management program. The Council bills Louisiana Department of Health and Hospitals (DHH) for case management services. DHH often rejects the billing for further processing by the Council. The Council does not process and rebill these rejected billings on a timely basis. This results in a delay of revenue, and in some instances, loss of revenue.

Cause: Limited personnel.

Recommendation: I recommend rejected billings from DHH be processed and rebilled by the Council on a timely basis.

Management's Response: We concur with the finding. We have hired additional case managers to rebill the rejected billings for 2010 and are making every effort to be current with rebilling in the current year.

CALDWELL COUNCIL ON AGING, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010

There were no findings for the year ended June 30, 2009.