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CALDWELL COUNCIL ON AGING, INC.

Columbia, Louisiana

FINANCIAL STATEMENTS

June 30, 2004

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 4-6-05

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

CALDWELL COUNCIL ON AGING, INC.

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June 30, 2004

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CALDWELL COUNCIL ON AGING, INC.

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Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying government wide financial statements and fund financial statements of Caldwell Council on Aging, Inc., as of and for the year ended June 30, 2004 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, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, Caldwell Council on Aging, Inc. adopted the provisions of the Governmental Accounting standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments' Governmental Accounting standards Board Statement No, 38, Certain Financial Statement Note Disclosures; and Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements for the year ended June 30, 2004.

The management's discussion and analysis presented on pages 3 through 11 and the supplementary financial information required by GASB 34 on pages 42 through 44 and supplementary financial information required by GOEA on pages 45 and 46, 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 July 20, 2004 on my consideration of Caldwell Council on Aging, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Mandra D. McKeen

Certified Public Accountant
July 20, 2004

**CALDWELL PARISH COUNCIL ON AGING
POST OFFICE BOX 1498
COLUMBIA, LOUISIANA 71418**

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

This section of the Caldwell Council on Aging, Inc. 's annual financial performance during the fiscal year that ended on June 30, 2004. Please read it in conjunction with the Council's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the first year, and that GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Council has elected to exclude the information in this report. Subsequent reports will include the comparative information.

FINANCIAL HIGHLIGHTS

- The Council showed a net increase in overall net assets of \$27,066 or 14% this year.
- Net Capital Assets of the Council increased by \$10,723 or 3%. This is due to depreciation for the current year of \$15,158 and fixed asset purchases of \$25,881.
- No deficit fund balances exist at year end.
- The unreserved, undesignated fund balance for the Council's General Fund was \$94,802 at year-end, which is a \$18,568 increase 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 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 GOEA 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 7. 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 asset 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 Governmental funds begins on page 10. The Fund Financial Statements can be found on pages 14 and 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, 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 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 17 to 41. 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 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 45 and 46. 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.

**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, 2004;

Current and other assets	\$ 115,853
Capital Assets, net of depreciation	<u>250,267</u>
Total Assets	<u>366,120</u>
Accounts Payable	17,942
Compensated Absences	7,224
Other Liabilities	<u>115,720</u>
Total Liabilities	<u>140,886</u>
Invested in capital assets, net of related debt	136,547
Restricted	1,109
Unrestricted	<u>87,578</u>
Total Net Assets	<u>\$ 225,234</u>

As of June 30, 2004, the Council "as a whole" had assets greater than its liabilities by \$225,234.

The net assets that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them.

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 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 the payments.

For the year ended June 30, 2004, total revenue exceeded total expenses as follows:

Revenues

Program Revenues:	
Operating Grants and Contributions	\$ 737,726
General Revenues:	
Interest Income	301
Other General Revenues	<u>20,770</u>
Total Revenues	<u>758,797</u>
Direct Program Expenses of the Health, Welfare, and Social Services Function:	
Supportive Services:	
Personal Care	382,826
Other Supportive Services	4,090
Homemaker	16,549
Information and Assistance	3,754
Legal Assistance	1,777
Outreach	3,856
Transportation	99,822
Nutrition Services:	
Congregate Meals	36,570
Home Delivered Meals	59,032
Utility Assistance	8,990
Disease Prevention and Health Promotion	1,712
National Family Caregiver Support	13,358
Direct Administration Expenses	<u>99,395</u>
Total Expenses	<u>731,731</u>
Increase (Decrease) in Net Assets	<u>\$ 27,066</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 94% of the revenues of the Council in 2004. 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 3% of the total revenues of 2004.

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 bears in relation to total expenses. For 2004, total administration expenses were \$99,395 or 14% of total expenses.

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

Fund Balances

The Council showed a combined governmental fund balance of \$95,911 at the end of this year, which is an increase of \$25,242 versus last year.

Revenues

The combined fund revenues increased \$173,401 this year versus last year, or 30%. This increase is due primarily to the an increase in revenue from our case management program.

Expenditures

Total expenditures increased by \$173,426 this year, or 31%. The main reason for this increase was the increase in our case management program.

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, 2004. The amendment effectively approves any expenditure that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA.

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 42 to 44. 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 \$250,267 in fixed assets net of accumulated depreciation. This amounted to a net increase of \$10,723 from the prior year which is due to the current year additions of \$25,881 less the current provision for depreciation of \$15,158.

The Council reduced its outstanding indebtedness during the year by \$ 7,946. The Council incurred no additional long-term debt during the year.

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 2005, it was important that we deliver at least the same level of service to our clients and the public as we did in 2004. All of the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2005. 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 Steet, Columbia, Louisiana, or by phone at 318-649-2584.

CALDWELL COUNCIL ON AGING, INC.

Government Wide Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
Assets	
Cash	\$ 62,460
Grants and contracts receivable	53,393
Capital assets, net of accumulated depreciation	<u>250,267</u>
Total assets	<u>\$ 366,120</u>
Liabilities	
Accounts payable	\$ 17,942
Deferred revenue	2,000
Accrued compensated absences:	
Current portion	1,182
Non-current portion	6,042
Notes payable:	
Current portion	7,945
Non-current portion	<u>105,775</u>
Total liabilities	<u>\$ 140,886</u>
Net Assets	
Invested in Capital Assets, net of debt	\$ 136,547
Restricted for:	
Utility assistance	1,109
Unrestricted	<u>87,578</u>
Total Net Assets	<u>\$ 225,234</u>

The accompanying notes are an integral part of this statement.

GOVERNMENT WIDE STATEMENT OF ACTIVITIES

For the year ended June 30, 2004

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Net (Expenses)
Revenues and
Increases
(Decrease) in Net

Direct Expenses		Indirect Expenses		Charges For		Program Revenues		Capital Grants and Contributions		Assets	
				Services and Contributions		Operating Grants and Contributions				Total Governmental Activities	
\$	382,826	\$	18,904	\$	-	\$	449,112	\$	-	\$	47,382
	4,090		2,759		-		3,201		-		(3,648)
	16,549		11,163		-		12,346		-		(15,366)
	3,754		2,533		-		2,766		-		(3,521)
	1,777		-		-		457		-		(1,320)
	3,856		2,602		-		2,722		-		(3,736)
	99,822		18,987		-		135,684		-		16,875
	36,570		8,869		-		39,926		-		(5,513)
	59,032		15,575		-		54,612		-		(19,995)
	8,990		-		-		5,163		-		(3,827)
	1,712		604		-		2,309		-		(7)
	13,358		3,377		-		15,406		-		(1,329)
	99,395		(85,373)		-		14,022		-		-
\$	731,731	\$	-	\$	-	\$	737,726	\$	-	\$	5,995

General Revenues:

Unrestricted Investment Income

Miscellaneous

Total general revenues and special items

Increase (Decrease) in net assets

Net assets - beginning of the year

Net assets - beginning of the year

The accompanying notes are an integral part of this statement.

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Caldwell Council on Aging, Inc.,
Balance Sheet
Governmental Funds

June 30, 2004

	General Fund	Title IIIB	Title III C-2	Non-Major Funds	Total
Assets					
Cash	\$ 62,460	\$ -	\$ -	\$ -	\$ 62,460
Grants and contracts receivable	53,393	-	-	-	53,393
Due from other funds	-	-	-	1,109	1,109
Prepaid insurance	-	-	-	-	-
Total Assets	\$ 115,853	\$ -	\$ -	\$ 1,109	\$ 116,962
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	17,942	-	-	-	17,942
Deferred revenue	2,000	-	-	-	2,000
Due to other funds	1,109	-	-	-	1,109
Total Liabilities	21,051	-	-	-	21,051
Fund Balances:					
Reserved for:					
Utility assistance	-	-	-	1,109	1,109
Unreserved//Undesignated:					
General Fund	94,802	-	-	-	94,802
Special Revenue Fund	-	-	-	-	-
Total Fund Balances	94,802	-	-	1,109	95,911
Total Liabilities and Fund Balances	\$ 115,853	\$ 8	\$ -	\$ 32,730	\$ 116,962

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

- Compensated absences are not paid for out of current financial resources and therefore are not reported in the funds (7,224)
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 136,547

Net Assets of Governmental Activities

\$ 225,234

The accompanying notes are an integral part of this statement.

CALDWELL COUNCIL ON AGING, INC

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds -
For the Year Ended June 30, 2004

	<u>General</u>	<u>Supportive Services</u>	<u>C-2</u>	<u>Non-Major Funds</u>	<u>Total</u>
<u>REVENUES</u>					
Intergovernmental:					
Governor's Office of					
Elderly Affairs	\$21,048	\$ 42,170	\$ 40,414	\$ 92,277	\$ 195,909
Program Service Fees:					
Louisiana Dept Of:					
Transportation and					
Development	9,072	-	-	44,939	54,011
Health & Hospitals	445,911	-	-	-	445,911
Social Services	18,480	-	-	-	18,480
Public Support:					
Unrestricted	-	-	-	-	-
Restricted - Utility					
Programs	-	-	-	5,163	5,163
Client Contributions	-	3,557	5,978	8,717	18,252
Miscellaneous	<u>21,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,072</u>
Total revenues	<u>515,583</u>	<u>45,727</u>	<u>46,392</u>	<u>151,096</u>	<u>758,798</u>
<u>EXPENDITURES</u>					
Health, Welfare & Social					
Services					
Current:					
Personnel	275,989	64,070	24,166	52,521	416,746
Fringe	17,808	5,097	2,031	4,135	29,071
Travel	19,648	831	291	1,933	22,703
Operating services	70,150	22,931	6,375	19,138	118,594
Operating supplies	15,406	10,156	3,763	8,168	37,493
Other costs	6,617	219	332	11,445	18,613
Meals	-	-	37,280	24,859	62,139
Utility assistance	-	-	-	8,990	8,990
Capital outlay	<u>25,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,881</u>
Total expenditures	<u>431,499</u>	<u>103,304</u>	<u>74,238</u>	<u>131,189</u>	<u>740,230</u>
Excess (deficiency) of					
revenues over					
expenditures	84,084	(57,577)	(27,846)	19,907	18,568
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	-	57,577	27,846	11,604	97,027
Operating transfers out	<u>(54,258)</u>	<u>-</u>	<u>-</u>	<u>(42,769)</u>	<u>(97,027)</u>
Excess (deficiency) of					
revenues and other					
sources over					
expenditures and					
other uses	29,826	-	-	(11,258)	18,568
<u>FUND BALANCES (DEFICIT)</u>					
Beginning of year, as					
previously reported	(61,689)	-	-	12,367	(49,322)
Prior period adjustment	<u>126,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,665</u>
Beginning of year,					
restated	<u>64,976</u>	<u>-</u>	<u>-</u>	<u>12,367</u>	<u>77,343</u>
End of year	<u>\$ 94,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,109</u>	<u>\$ 95,911</u>

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, 2004

Net Increase (Decrease) in fund balances total governmental funds \$ 18,568

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$25,881) exceed depreciation (\$15,158) in the current period

10,723

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

(2,225)

Increase (Decrease) of net assets of governmental activities

\$ 27,066

The accompanying notes are an integral part of this statement

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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 Webster 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 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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Reporting Entity:

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. 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 corporation. It received its charter and began operations on June 25, 1969.

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 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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Reporting Entity: - (Continued)

Membership in the Council is open at all times, without restriction, to all residents of Webster 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, 2004

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 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 of the significant changes in the Statement include the following:

- For the first time 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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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

C. Presentation of Statements (Continued)

- 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 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.

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 governmental 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

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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

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

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 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 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

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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

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

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

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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

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

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

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

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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies
(Continued)

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

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

- **The General Fund** is the general operating fund of the Council. 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.
- **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:

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

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies
(Continued)

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

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	469
• Outreach	197
• Homemaker	1,159
• Recreation	6,764
• Transportation for people age 60 or older	7,694
• Legal	286
• Utility Assistance	72

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 8,810 meals during the year to people eligible to participate in this program.

Non-Major Special Revenue Funds

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 Baton Rouge and surrounding areas. During the year the Council served 16,679 meals to people eligible to participate in this program.

The Title III E Care-giver Fund provides systems of support services for family care-givers and for older individuals who are relative care-givers.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies
(Continued)

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

The Section 18 Funds are provided by the U. S. Department of Transportation through the Louisiana Department of Transportation and Development (DOTD.) Fund received by the Council are based on actual operating costs 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 did not 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 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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies
(Continued)

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

The Title III D Fund is used to account for funds used for disease prevention and health promotion activities. During the year 471 units of wellness service were provided to eligible participants in this program.

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 Webster Parish is located in Minden. 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 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 State 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

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies
(Continued)

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

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 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 108 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 \$3,835.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies
(Continued)

**E. Basic Financial Statements - Fund Financial
Statements (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 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

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS
June 30, 2004

Note 1 - Summary of Significant Accounting Policies
(Continued)

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

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

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies
(Continued)

H. Cash and Cash Equivalents:

Cash includes amounts in demand deposits, interest-bearing demand 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 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 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.

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 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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies
(Continued)

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, 2004

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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1 - Summary of Significant Accounting Policies
(Continued)

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.

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 as revenue in the period received.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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 \$62,460 whereas the related bank cash balances totaled \$79,181. 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. All bank balances were covered by federal depository insurance.

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:	
STEPS	\$ 1,540
Local Transportation	8,743
Case Management	<u>43,110</u>
 Total	 <u>\$ 53,393</u>

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 5 - Changes in Capital Assets

A summary of changes in capital assets is as follows:

	Balance			Balance
<u>Capital Assets</u>	<u>07-01-03</u>	<u>Increases</u>	<u>Decreases</u>	<u>06-30-04</u>
Building	\$ 132,000	\$ -	-	\$ 132,000
Building				
Improvements	126,310	-	-	126,310
Furniture &				
Equipment	72,084	25,881	11,787	86,178
Subtotal	330,394	25,881	(11,787)	344,488
Accumulated Depreciation:				
Building	12,800	3,300	-	16,100
Building				
Improvements	16,489	2,748	-	19,237
Furniture \$				
Equipment	61,561	9,110	11,787	58,884
Subtotal	90,850	15,158	(11,787)	94,221
Net Assets	\$ 239,544	\$ 10,723	\$ -	\$ 250,267

Depreciation was charged to governmental activities as follows:

Administration	\$ 6,523
Case Management	6,566
Transportation	1,761
C-1 Congregate Meals	308
Total depreciation expense for governmental activities	<u>\$ 15,158</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.

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.

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

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 level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the council, will receive in 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	\$ -	\$ 1,109
Special Revenue		
Funds:		-
Utility		
Assistance		-
Assistance	<u>1,109</u>	<u>-</u>
Total	<u>\$ 1,109</u>	<u>\$ 1,109</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, 2004

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.

Note 11 - Interfund Transfers

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

	Funds Transferred To					
	Title	Title	Title	Title		
	IIIB	III C-1	III C-2	III E	AAA	Total
Transfer From						
General Fund	\$ 37,418	\$ 5,081	\$ 12,195	\$ 1,197	\$ 32	\$ 55,923
Total General	37,418	5,081	12,195	1,197	32	55,923
Special Revenue Funds:						
Non-Major Funds:						
NSI	-	5,294	15,651	-	-	20,945
Senior Center	16,334	-	-	-	-	16,334
Supplemental						
Sr Center	3,825	-	-	-	-	3,825
Total Special						
Revenue	20,159	5,294	15,651	-	-	41,104
Total all	\$ 57,577	\$ 10,375	\$ 27,846	\$ 1,197	\$ 32	\$ 97,027

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 11 - Interfund Transfers (Continued)

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.

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.

Note 13 - Long - Term Debt

Long - term debt at June 30, 2004 consisted of the following:

Note payable dated February 1, 2002 payable in monthly installments of \$1,362, due February 1, 2014, bearing interest at 7%, collateralized by commercial building	\$ 113,720
Liability for compensated absences	<u>7,224</u>
	120,944
Less: Current portion	<u>9,127</u>
Total long term debt	<u>\$ 111,817</u>

CALDWELL COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Changes in long term debt are as follows:

	Notes <u>Payable</u>	Compensated Absences <u>Payable</u>	<u>Total</u>
Balance 7/1/03	\$ 121,666	\$ 4,999	\$ 126,665
Increases	-	3,407	3,407
Decreases	(7,946)	(1,182)	(9,128)
Total	<u>\$113,720</u>	<u>\$ 7,224</u>	<u>\$120,944</u>

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 in as much as the in-kind contributions do not create a nonfinancial asset.

Note 15 - Prior Period Adjustment

An adjustment of \$126,665 has been made to beginning fund balance in the governmental funds to remove compensated absences payable of \$4,999 and notes payable of \$121,666 from the governmental funds. In accordance with GASB #34, compensated absences and notes payable are shown on the government wide financial statements.

CALDWELL COUNCIL ON AGING, INC.

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> GAAP <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 18,120	\$ 18,120	\$ 21,048	\$ 2,928
Transportation and Development	8,162	8,162	9,072	910
Health & Hospitals	380,691	380,691	445,911	65,220
Social Services	17,172	17,172	18,480	1,308
Miscellaneous	-	-	21,072	21,072
Total Revenues	<u>424,145</u>	<u>424,145</u>	<u>515,583</u>	<u>91,438</u>
EXPENDITURES				
Current:				
Personnel	304,964	304,964	275,989	28,975
Fringe	24,947	24,947	17,808	7,139
Travel	16,526	16,526	19,648	(3,122)
Operating Services	37,294	37,294	70,150	(32,856)
Operating Supplies	17,100	17,100	15,406	1,694
Other Costs	5,390	5,390	6,617	(1,227)
Capital outlay	-	-	25,881	(25,881)
Total Expenditures	<u>406,221</u>	<u>406,221</u>	<u>431,499</u>	<u>(25,278)</u>
Excess (deficiency) of revenues over expenditures	<u>17,924</u>	<u>17,924</u>	<u>84,084</u>	<u>66,160</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(17,924)	(17,924)	(54,258)	(36,334)
Total other financing sources and uses	<u>(17,924)</u>	<u>(17,924)</u>	<u>(54,258)</u>	<u>(36,334)</u>
Net increase (decrease) in fund balances	-	-	29,826	29,826
FUND BALANCES				
Beginning of year, as previously reported	(61,689)	(61,689)	(61,689)	-
Prior Period Adjustment	<u>126,665</u>	<u>126,665</u>	<u>126,665</u>	-
Beginning of year, restated	<u>64,976</u>	<u>64,976</u>	<u>64,976</u>	-
End of year	<u>\$ 64,976</u>	<u>\$ 64,976</u>	<u>\$ 94,802</u>	<u>\$ 29,826</u>

Caldwell Council on Aging, Inc.

Budgetary Comparison Schedule - Supportive Services Fund

For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> GAAP <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 42,170	\$ 42,170	\$ 42,170	\$ -
Public Support	<u>3,738</u>	<u>3,738</u>	<u>3,557</u>	<u>(181)</u>
Total Revenues	<u>45,908</u>	<u>45,908</u>	<u>45,727</u>	<u>(181)</u>
EXPENDITURES				
Current:				
Personnel	55,714	57,730	64,070	(6,340)
Fringe	4,536	4,883	5,097	(214)
Travel	637	683	831	(148)
Operating Services	13,264	17,667	22,931	(5,264)
Operating Supplies	5,669	9,404	10,156	(752)
Other Costs	<u>2,004</u>	<u>2,010</u>	<u>219</u>	<u>1,791</u>
Total Expenditures	<u>81,824</u>	<u>92,377</u>	<u>103,304</u>	<u>(10,927)</u>
Excess (deficiency) of revenues over expenditures	<u>(35,916)</u>	<u>(46,469)</u>	<u>(57,577)</u>	<u>(11,108)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	35,916	46,469	57,577	11,108
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>35,916</u>	<u>46,469</u>	<u>57,577</u>	<u>11,108</u>
Net increase (decrease) in fund balances	-	-	-	-
FUND BALANCES				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note Regarding 10% budget variances:

Personnel expenditures were up this year more than anticipated, mostly due to hours in excess not budgeted for bookkeeper.

An excess in Personal resulted in an increase in fringe.

There was a slight increase in travel due to the growth of this program that had not been budgeted.

Operating services were up slightly due to the unexpected increase in insurance.

Caldwell on Aging, Inc.
 Budgetary Comparison Schedule - Title III C-2 Fund
 For the year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> GAAP	<u>Variance with</u> <u>Final Budget</u> Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	
REVENUES				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 40,414	\$ 40,414	\$ 40,414	\$ -
Public Support	<u>6,981</u>	<u>6,981</u>	<u>5,978</u>	<u>(1,003)</u>
Total Revenues	<u>47,395</u>	<u>47,395</u>	<u>46,392</u>	<u>(1,003)</u>
EXPENDITURES				
Current:				
Personnel	20,781	23,145	24,166	(1,021)
Fringe	1,691	1,957	2,031	(74)
Travel	229	286	291	(5)
Operating Services	4,858	6,270	6,375	(105)
Operating Supplies	1,648	3,671	3,763	(92)
Other Costs	324	332	332	-
Meals	29,447	36,652	37,280	(628)
Capital outlay	-	-	-	-
Total Expenditures	<u>58,978</u>	<u>72,313</u>	<u>74,238</u>	<u>(1,925)</u>
Excess (deficiency) of revenues over expenditures	<u>(11,583)</u>	<u>(24,918)</u>	<u>(27,846)</u>	<u>(2,928)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,583	24,918	27,846	2,928
Transfers out	-	-	-	-
Total other financing sources and uses	<u>11,583</u>	<u>24,918</u>	<u>27,846</u>	<u>2,928</u>
Net increase (decrease) in fund balances	-	-	-	-
FUND BALANCES				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALDWELL COUNCIL ON AGING, INC.

Combining Statement of Program Revenues, Expenditures
and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

	Area Agency Admin.	C-1	IIID	IIIE
<u>REVENUES</u>				
Intergovernmental:				
Governor's Office of				
Elderly Affairs	\$ 13,117	\$27,041	\$ 2,135	\$ 15,406
State of Louisiana				
Department of				
Transportation				
and Development	-	-	-	-
Public Support:				
Restricted - Utility				
Programs	-	-	-	-
Client Contributions	-	7,591	174	-
Total revenues	<u>13,117</u>	<u>34,632</u>	<u>2,309</u>	<u>15,406</u>
<u>EXPENDITURES</u>				
Salaries	6,955	13,674	344	5,510
Fringe	581	1,243	25	317
Travel	186	84	9	52
Operating services	3,942	1,993	147	814
Operating supplies	1,419	3,084	69	316
Other costs	66	70	1,715	9,594
Meals	-	24,859	-	-
Utility assistance	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>13,149</u>	<u>45,007</u>	<u>2,309</u>	<u>16,603</u>
Excess (deficiency) of				
revenues over				
expenditures	(32)	(10,375)	-	(1,197)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	32	10,375	-	1,197
Operating transfers out	-	-	-	-
Excess (deficiency) of				
revenues and other				
sources over				
expenditures and				
other uses	-	-	-	-
<u>FUND BALANCES (DEFICIT)</u>				
Beginning of year,	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule 2

<u>NFS</u>	<u>Audit</u>	<u>Senior Center</u>	<u>Supple. Senior Center</u>	<u>Utility Assistance Fund</u>	<u>Section 18</u>	<u>Totals</u>
\$ 13,514	\$ 905	\$16,334	\$ 3,825	\$ -	\$ -	\$ 92,277
-	-	-	-	-	44,939	44,939
-	-	-	-	5,163	-	5,163
-	-	-	-	-	952	8,717
<u>13,514</u>	<u>905</u>	<u>16,334</u>	<u>3,825</u>	<u>5,163</u>	<u>45,891</u>	<u>151,096</u>
-	-	-	-	-	26,038	52,521
-	-	-	-	-	1,969	4,135
-	-	-	-	-	1,602	1,933
-	905	-	-	-	11,337	19,138
-	-	-	-	-	3,280	8,168
-	-	-	-	-	-	11,445
-	-	-	-	-	-	24,859
-	-	-	-	8,990	-	8,990
-	-	-	-	-	-	-
<u>-</u>	<u>905</u>	<u>-</u>	<u>-</u>	<u>8,990</u>	<u>44,226</u>	<u>131,189</u>
13,514	-	16,334	3,825	(3,827)	1,665	19,907
-	-	-	-	-	-	11,604
<u>(20,945)</u>	<u>-</u>	<u>(6,334)</u>	<u>3,825</u>	<u>-</u>	<u>(1,665)</u>	<u>(42,769)</u>
(7,431)	-	-	-	(3,827)	-	(11,258)
<u>7,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,936</u>	<u>-</u>	<u>12,367</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,109</u>	<u>\$ -</u>	<u>\$ 1,109</u>

CALDWELL COUNCIL ON AGING, INC.

Statement of General Fixed Assets
and Changes in General Fixed Assets
For the Year Ended June 30, 2004

	Balance June 30, <u>2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2004</u>
General Fixed Assets, at cost:				
Building	\$ 132,000	\$ -	\$ -	\$ 132,000
Building improvements	126,310	-	-	126,310
Furniture & equipment	<u>72,084</u>	<u>25,881</u>	<u>11,787</u>	<u>86,178</u>
Total	<u>\$ 330,394</u>	<u>\$ 25,881</u>	<u>\$11,787</u>	<u>\$ 344,488</u>
Investment in General Fixed Assets:				
Section 18	\$ 14,672	\$ -	\$ 4,919	\$ 9,753
Local	<u>315,722</u>	<u>25,881</u>	<u>6,868</u>	<u>334,735</u>
Total	<u>\$ 330,394</u>	<u>\$ 22,881</u>	<u>\$11,787</u>	<u>\$ 344,488</u>



Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT OF COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the financial statements of Caldwell Council on Aging, Inc. as of and for the year ended June 30, 2004, and have issued my report thereon dated July 24, 2004. 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.

Compliance

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 grants, 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Caldwell 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 misstatements 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 operations that I consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Directors of Directors and applicable federal and state agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Maula J. Mulheir

Certified Public Accountant
July 24, 2004

CALDWELL COUNCIL ON AGING, INC.

Corrective Action Taken on Prior Year Findings

June 30, 2004

There were no findings for the year ended June 30, 2003.

CALDWELL COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs

June 30, 2004

There were no findings or questioned costs for the year ended June 30, 2004.