

SALINE COUNTY COMMISSION ON AGING
December 31, 2011

Thomas G. Arnett, CPA, P.A.
717 Roach Street
Salina, Kansas 67401

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Independent Auditor's report

SALINE COUNTY COMMISSION ON AGING
Salina, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
For the year ended December 31, 2011

Funds	Beginning	Annual Close of		Cash Receipts	Expenditures	Ending	Add Outstanding	Ending
	Unencumbered	Sub-funds to	General Fund			Unencumbered		Encumbrance and
	Cash Balance	General Fund	General Fund			Cash Balance	Accounts Payable	Balance
General Fund	\$ 111,740	\$ (33,445)	\$ 704,123	\$ 692,407	\$ 90,011	\$ 57,858	\$ 147,869	
Senior Resource Fund	38,560	-	1,149	11,903	27,806	-	27,806	
Home Support Services Fund	(1,563)	1,563	-	-	-	-	-	
Capital Improvements Fund	(14,918)	14,918	4,800	13,963	(9,163)	-	(9,163)	
Live at Home Solutions	(16,964)	16,964	2,615	33,244	(30,629)	-	(30,629)	
Adult Day Services Fund	146,151	-	292,133	303,013	135,271	-	135,271	
Total	\$ 263,006	\$ -	\$ 1,004,820	\$ 1,054,530	\$ 213,296	\$ 57,858	\$ 271,154	

Composition of Ending Cash Balances:

Checking account	\$ 124,071
Certificates of deposit	146,883
Cash on hand	200
Total	\$ 271,154

The accompanying notes are an integral part of these financial statements.

SALINE COUNTY COMMISSION ON AGING
Salina, Kansas

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET

For the year ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
Cash Receipts			
Saline County appropriation	\$ 322,305	\$ 322,305	\$ -
Grants and contracts	94,132	94,000	132
User fees	241,429	244,450	(3,021)
Donations	38,135	38,000	135
Building use, rent	6,405	7,000	(595)
Sales of goods and services	943	400	543
Interest income	767	900	(133)
Miscellaneous	7	-	7
	<u>704,123</u>	<u>\$ 707,055</u>	<u>\$ (2,932)</u>
Total Cash Receipts			
Expenditures and Transfers			
Salaries	158,035	\$ 143,426	\$ 14,609
Payroll taxes and benefits	55,214	59,603	(4,389)
Program operating expense	22,428	21,220	1,208
Contractual services	28,707	27,850	857
Building and grounds	45,471	42,600	2,871
Transfers to Capital Projects Fund	4,800	4,800	-
Area Agency on Aging Match	17,544	17,544	-
Designated fund expenditures	6,304	6,000	304
Senior Citizen Center	8,191	6,800	1,391
Food service	327,751	324,212	3,539
Rural senior citizen support	5,500	5,500	-
Meals on Wheels	6,846	7,150	(304)
Information and resources	16	900	(884)
Transportation	5,600	4,500	1,100
	<u>692,407</u>	<u>\$ 672,105</u>	<u>\$ 20,302</u>
Total Expenditures and Transfers			
Receipts Over (Under) Expenditures	11,716		
Unencumbered Cash, Beginning	111,740		
Annual close of sub-funds to General Fund	<u>(33,445)</u>		
Unencumbered Cash, Ending	<u>\$ 90,011</u>		

The accompanying notes are an integral part of these financial statements.

SALINE COUNTY COMMISSION ON AGING
Salina, Kansas

SENIOR RESOURCE FUND
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
For the year ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
Cash Receipts			
Senior resource fund income	\$ 1,065	\$ 2,000	\$ (935)
Interest income	84	200	(116)
Total Cash Receipts	1,149	\$ 2,200	\$ (1,051)
Expenditures			
Senior resource fund expense	11,903	\$ 6,000	\$ 5,903
Receipts Over (Under) Expenditures	(10,754)		
Unencumbered Cash, Beginning	38,560		
Unencumbered Cash, Ending	\$ 27,806		

The accompanying notes are an integral part of these financial statements.

SALINE COUNTY COMMISSION ON AGING
Salina, Kansas

CAPITAL IMPROVEMENTS FUND
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
For the year ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
Cash Receipts			
Transfer from General Fund	\$ 4,800	\$ 4,800	\$ -
Total Cash Receipts	<u>4,800</u>	<u>\$ 4,800</u>	<u>\$ -</u>
Expenditures			
Capital expenditures	<u>13,963</u>	<u>\$ -</u>	<u>\$ 13,963</u>
Receipts Over (Under) Expenditures	(9,163)		
Unencumbered Cash, Beginning	(14,918)		
Annual close of sub-funds to General Fund	<u>14,918</u>		
Unencumbered Cash, Ending	<u>\$ (9,163)</u>		

The accompanying notes are an integral part of these financial statements.

SALINE COUNTY COMMISSION ON AGING
Salina, Kansas

LIVE AT HOME SOLUTIONS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
For the year ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
Cash Receipts			
Grants and contracts	\$ 810	\$ 1,000	\$ (190)
User fees	1,805	4,000	(2,195)
	<u>2,615</u>	<u>\$ 5,000</u>	<u>\$ (2,385)</u>
Total Cash Receipts			
Expenditures			
Program operating expense	6,196	\$ 7,900	\$ (1,704)
Contractual services	27,048	25,000	2,048
Designated fund expenditure	-	4,000	(4,000)
	<u>33,244</u>	<u>\$ 36,900</u>	<u>\$ (3,656)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(30,629)		
Unencumbered Cash, Beginning	(16,964)		
Annual close of sub-funds to General Fund	16,964		
Unencumbered Cash, Ending	<u>\$ (30,629)</u>		

The accompanying notes are an integral part of these financial statements.

SALINE COUNTY COMMISSION ON AGING
Salina, Kansas

ADULT DAY SERVICES FUND
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET

For the year ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
Cash Receipts			
Grants and contracts	\$ 141,161	\$ 95,000	\$ 46,161
User fees	74,049	87,000	(12,951)
Donations	75,807	50,000	25,807
Sale of goods and services	810	-	810
Interest income	306	900	(594)
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	292,133	\$ 232,900	\$ 59,233
	<hr/>	<hr/>	<hr/>
Expenditures			
Salaries	170,520	\$ 154,583	\$ 15,937
Payroll tax and employee benefits	47,477	48,553	(1,076)
Program operating expense	18,016	11,817	6,199
Contractual services	33,994	26,100	7,894
Building and grounds	13,006	13,400	(394)
Designated fund expenditures	2,861	1,000	1,861
Food service	648	-	648
Transportation	5,030	3,360	1,670
Capital expenditures	11,461	9,389	2,072
	<hr/>	<hr/>	<hr/>
Total Expenditures	303,013	\$ 268,202	\$ 34,811
	<hr/>	<hr/>	<hr/>
Receipts Over (Under) Expenditures	(10,880)		
Unencumbered Cash, Beginning	<hr/>		
	146,151		
Unencumbered Cash, Ending	<hr/>		
	\$ 135,271		
	<hr/>		

The accompanying notes are an integral part of these financial statements.

SALINE COUNTY COMMISSION ON AGING
Salina, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 1 Summary of Significant Accounting Policies

The Saline County Commission on Aging was established by Saline County under the authority of Kansas Statute 19-2678. The mission of the Saline County Commission on Aging (Commission) is to enable older adults to live active and independent lives. The Commission is governed by a twelve-member Board of Directors, all of whom are approved by the Saline County Board of Commissioners.

The accounting policies of the Commission conform to the statutory basis of accounting, as regulated by the State of Kansas, which demonstrates compliance with the cash basis and budget laws of Kansas. The following is a summary of the more significant policies.

A. Reporting Entity

The Commission's financial statements include all of the funds for which the Board of Directors administer and control. The Commission is a component unit of Saline County because Saline County provides a significant amount of funding each year and approves all of the directors of the Board.

B. Fund Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash, receipts, expenditures and unencumbered cash balance. The funds segregate specific activities or certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds were utilized in recording the financial activities of the Commission:

General Fund -- to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds -- to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

C. Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer was made.

**SALINE COUNTY COMMISSION ON AGING
NOTES TO FINANCIAL STATEMENTS – continued
December 31, 2011**

Note 1 Summary of Significant Accounting Policies – continued

Basis of Accounting (continued)

The Commission has approved a resolution that is in compliance with KSA 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the Commission to use the statutory basis of accounting.

D. Departure from Accounting Principles Generally Accepted In the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash, unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense; liabilities such as deferred revenue, outstanding debt, and interest payable; and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements.

E. Budgetary Information

The Commission does not have tax levying powers and is not required to publish a budget. A budget is adopted annually by the Board of Directors to determine the amount of appropriations to request from Saline County.

F. Cash and Investments

Cash includes amounts in time deposits and certificates of deposit. Kansas Statute 12-1675 authorizes the Commission to invest in time deposits, certificates of deposit, U.S. Obligations, and certain other investments.

G. Risk Management

The Commission carries commercial insurance to limit its exposure to the various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

H. Compensated Absences

The Commission is liable for payments to employees for sick pay and vacation pay earned according to Commission personnel policies. This liability is recorded as an encumbrance and is included as an expenditure in the accompanying financial statements.

I. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

SALINE COUNTY COMMISSION ON AGING
NOTES TO FINANCIAL STATEMENTS – continued
December 31, 2011

Note 1 Summary of Significant Accounting Policies – continued

J. Annual Close of Sub-funds

The Commission maintains sub-funds throughout the year to monitor specific activity. However, the funds are legally part of the General Fund of the Commission. These sub-funds are closed into the General Fund on January 1 of each year.

K. Post Employment Benefits

As provided by KSA 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

Note 2 Stewardship, Compliance, and Accountability

Cash Basis Law (KSA 10-1113) – Some special revenue funds have a negative unencumbered cash balance at December 31, 2011. These funds are closed into the General Fund annually.

Note 3 Deposits – Cash Balances

As of December 31, 2011, the Commission had cash balances as listed below:

Deposits in financial banking institutions	\$124,071
Certificates of deposit	146,883
Cash on hand	200
Total cash as shown on the financial statements	<u>\$271,154</u>

The Commission does not have any activity in investment-type assets.

Interest rate risk – KSA 9-1401 establishes the depositories which may be used by Kansas governments. The statute requires banks eligible to hold the government's funds have a main or branch bank in the county in which the government is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, KSA 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Commission has no other policies that would further limit interest rate risk.

SALINE COUNTY COMMISSION ON AGING
NOTES TO FINANCIAL STATEMENTS – continued
December 31, 2011

Note 3 Deposits – Cash Balances – continued

Credit risk – KSA 12-1675 limits the government’s investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Commission has no investment policy that would further limit its investment choices. The Commission’s practice is to place idle funds in certificates of deposit.

Custodial credit risk – The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Kansas Statutes 9-1402 and 9-1405 require that governments obtain security for all deposits. The Commission manages its custodial credit risk by requiring the financial institutions to grant a security interest in securities held by third-party custodial banks.

At December 31, 2011, the Commission’s carrying amount of deposits, including certificates of deposit and cash on hand but no investments, was \$271,154 and the bank balance was \$290,376. The difference between carrying amount and bank balance is outstanding checks and deposits. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by FDIC insurance and \$147,052 was collateralized with securities held by the pledging financial institution’s agent in the Commission’s name.

Note 4 Defined Benefit Pension Plan

Plan Description – The Saline County Commission on Aging participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% for employees hired before July 1, 2009 and 6% for those hired after July 1, 2009 of covered salary. Member-employees’ contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. The Commission’s employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$18,761, \$18,450, and \$20,234 respectively, equal to the required contribution for each year.

SALINE COUNTY COMMISSION ON AGING
 NOTES TO FINANCIAL STATEMENTS – continued
 December 31, 2011

Note 5 Endowed Funds at the Greater Salina Community Foundation

The Greater Salina Community Foundation has three funds that relate to activities administered by the Commission. The principal amounts of these funds are not available to the Commission but earnings from the funds may be available to help cover the costs of the programs. These three funds are not reported on these financial statements because they are assets of the Community Foundation.

	<u>December 31, 2011</u>	
	<u>Balance</u>	<u>Available To Spend</u>
Sunflower Adult Day Services Endowed Fund	<u>\$11,294</u>	<u>\$ 508</u>
Salina Meals on Wheels Endowed Fund	<u>\$21,246</u>	<u>\$ 906</u>
Lyle E. & Anna M. Lightfoot Designated Fund	<u>\$54,464</u>	<u>\$2,751</u>

Note 6 Capital Assets

The presentation of the financial statements in accordance with the statutory basis of accounting does not include the capital assets of the Commission. The Commission maintains records on these capital assets. Depreciation expense is not calculated. The balances and activity are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Senior Center (245 North Ninth)				
Furniture and fixtures	\$ 42,855	\$ 2,262	\$ 497	\$ 44,620
Equipment	83,955	4,829	-	88,784
Building improvements	<u>406,597</u>	<u>-</u>	<u>-</u>	<u>406,597</u>
	<u>533,407</u>	<u>7,091</u>	<u>497</u>	<u>540,001</u>
Sunflower Center (401 West Iron)				
Furniture and fixtures	36,689	178	-	36,867
Equipment	13,962	-	-	13,962
Building improvements	<u>168,179</u>	<u>-</u>	<u>-</u>	<u>168,179</u>
	<u>218,830</u>	<u>178</u>	<u>-</u>	<u>219,008</u>
Total	<u>\$752,237</u>	<u>\$ 7,269</u>	<u>\$ 497</u>	<u>\$759,009</u>

The Commission does not own the buildings in which it operates. The Commission leases the Senior Center from Saline County for \$1 per year under a 99 year lease. Seventy-two years remain on the lease. The Sunflower Center is leased from the Catholic Diocese of Salina under a cost sharing arrangement in which the Commission pays 75% of the utilities but no rent. The lease agreement will expire November 14, 2012.

Note 7 Subsequent Events

There are no subsequent events that were identified in procedures performed through February 14, 2012, which also is the date these financial statements were available to be issued.

Thomas G. Arnett, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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SALINA, KANSAS 67401

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Saline County Commission on Aging
Salina, Kansas 67401

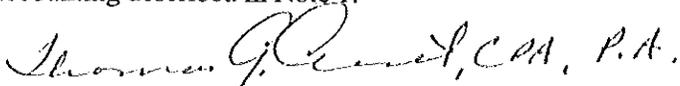
I have audited the accompanying statutory basis financial statements of Saline County Commission on Aging, Salina, Kansas, a component unit of Saline County, as of and for the year ended December 31, 2011 as listed in the table of contents. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described more fully in Note 1, the Commission has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not readily determinable, are presumed to be material.

In my opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended.

In my opinion, the financial statements referred to above present fairly, in all material respects the cash and unencumbered cash balances of the Saline County Commission on Aging, as of December 31, 2011, and the cash receipts, expenditures, and budgetary results for the year then ended, on the basis of accounting described in Note 1.



Thomas G. Arnett, CPA, P.A.
February 14, 2012