

# Financial Report

**ST. CHARLES COUNCIL ON AGING, INC.**  
**Hahnville, Louisiana**

**June 30, 2011**

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.

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Hahnville, Louisiana

June 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
St. Charles Council on Aging  
Hahnville, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Charles Council on Aging, Hahnville, Louisiana, (the Council) as of and for the year ended June 30, 2011, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 05, 2011, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 16 and budgetary comparison information pages 65 through 68 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements as a whole. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis by the Governor's Office of Elderly Affairs (GOEA) and are not a required part of the basic financial statements. The Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



T.S. Kearns & Co, CPA  
Thibodaux, Louisiana  
December 05, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**St. Charles Council on Aging, Inc.**

The following discussion and analysis of the St. Charles Council on Aging, Inc.'s financial performance provides an overview and analysis of the Council's financial performance and activities for the year ended June 30, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- The Council showed a decrease in overall net assets of \$144,583, or (-12.2%).
- Net capital assets of the Council decreased by \$82,781, or (-58.1%).
- The Council's fund revenues decreased by \$52,447, or (- 3.7%).
- Fund expenditures decreased by \$735, or (-.05%).
- The unassigned fund balance for the Council's General Fund was \$969,587, at year-end, whereas last year's unassigned fund balance was \$890,873. The \$78,714 increase from the prior year is primarily due to the Council not having an assigned fund balance amount this year.
- The assigned fund balance for the Council's General Fund was \$0 at year-end, whereas at the end of last year the assigned fund balance was \$138,905. The assigned fund balances represent amounts that management projected would be budget deficits in the succeeding year. As a result, as changes occur in the budget deficit projections from year to year, a corresponding opposite change will occur within the Council's unassigned fund balances. This is the primary reason why there was a large increase in the unassigned fund balance amount in FY 2011.
- No deficit fund balances existed at year-end.
- The Council has no long-term debt.
- Administrative expenses increased by \$24,378 or 6% this year. In addition, administrative expenses were 32.7% of the Council's gross revenue for this year.

**OVERVIEW OF THE FINANCIAL STATEMENTS AND HOW TO USE THESE FINANCIAL STATEMENTS**

The Council's annual financial report consists of five parts:

- (1) Management's discussion and analysis (this section)
- (2) The basic financial statements (government-wide, fund, and footnotes)
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA , and
- (5) Auditor reports.

Government-wide financial statements are comprised of the Statement of Net Assets (Exhibit A) and the Statement of Activities (Exhibit B). These financial statements provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, the fund financial statements, which consist of the Fund Balance Sheet (Exhibit C) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D), tell how services were financed in the short-term, as well as what remains for future spending for governmental funds. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

The Council's auditor has provided assurance in his independent auditor's report, located immediately before this Management's Discussion and Analysis (MD & A), that the Basic Financial Statements are fairly stated. The auditor also mentions in his report that he has performed limited procedures about Management's Discussion and Analysis and certain budgetary comparison schedules required by accounting principles generally accepted in the United States of America (specifically, GASB Statement 34) in this reporting package but did not audit it and therefore expresses no opinion on it. Finally, the auditor states in his report that he has applied certain audit procedures to the supplementary financial information presented for purposes of additional analysis by GOEA (Governor's Office of Elderly Affairs) and that this information is fairly stated in all material respects in relation to the financial statements as a whole.

Near the back of this reporting package is another auditor report on the Council's compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*. In that report the auditor did not identify any deficiencies in internal control over financial reporting that he considered to be material weaknesses. In addition, the auditor stated that his tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements consist of the government-wide financial statements and fund financial statements, which present different views about the Council, along with notes to the financial statements.

## **REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements are prepared using the accrual basis of accounting and are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private sector business. When using these financial statements the user should consider whether the Council's finances, as a whole, have improved or deteriorated since last year. The government-wide financial statements found on pages 18 and 19 report the Council's net assets and changes in them. However, to assess the overall financial position of the Council, the user must also consider non-financial factors, such as, the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Net Assets presents all assets and liabilities and the Council's financial position at year end, whereas the Statement of Activities presents information showing how the Council's net assets changed during this fiscal year as a result of the Council's activities. In this statement all changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future fiscal periods.

All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of six primary programs that include supportive social services, nutritional services, family caregiver support, disease prevention and health promotion, senior citizen center operations, and non elderly public transportation. Subprogram activities are also presented to facilitate additional analysis. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity would be classified as a business-type activity. The Council does not have any business-type activities and it did not directly charge any person or entity who received any service a fee to receive the service during the year.

## **REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS USING FUND FINANCIAL STATEMENTS**

The Fund Financial Statements provide detailed information about the Council's most significant funds, not the Council as a whole entity. In the Fund Financial Statements, there are column presentations for a General Fund, three Special Revenue Funds that have been determined to be "Major Funds", and a column for the total of all remaining Special Revenue Funds, which are deemed to be "Nonmajor Funds." 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 the quantitative criteria but which is believed to be important to present the Council's financial statement users. Management did not include any other funds, which did not meet one of the 10% quantitative criteria, as a major fund this year. 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 restricted or committed to expenditure for specified purposes other than debt service or capital projects. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or less financial resources that can be spent in the near future for programs. The difference between net assets of governmental activities and fund balances of the governmental funds are reconciled at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balance for the governmental funds and the change in net assets for the governmental activities has been reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and 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 follow the Fund Financial Statements and should be read before making assumptions or drawing conclusions about the Council's financial condition.

### **SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has an adopted annual budget. The schedules compare the original and final budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented. The Council's management did not amend the budget this year opting to operate under the original budget for the entire year.

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

### **SUPPLEMENTARY FINANCIAL INFORMATION PRESENTED FOR ADDITIONAL ANALYSIS BY GOEA**

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present combining statements that provide details about non-major governmental funds and details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

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

The following amounts reflect condensed information on the Council's assets, liabilities, and net assets for the fiscal years 2011 and 2010:

	2011	2010	Increase (Decrease)
<b>Current and Other Assets:</b>			
Current Assets	\$ 846,673	\$ 809,510	\$ 37,163
Long-term Investments	190,081	315,081	(125,000)
Capital Assets, net of depreciation	59,605	142,386	(82,781)
<b>Total Assets</b>	<b>1,096,359</b>	<b>1,266,977</b>	<b>(170,618)</b>
<b>Current Liabilities</b>			
<b>Total Liabilities</b>	<b>55,409</b>	<b>81,444</b>	<b>(26,035)</b>
<b>Net Assets:</b>			
Invested in Capital Assets	59,605	142,386	(82,781)
Restricted	6,661	5	6,656
Unrestricted	974,684	1,043,142	(68,458)
<b>Total Net Assets</b>	<b>\$ 1,040,950</b>	<b>\$ 1,185,533</b>	<b>\$ (144,583)</b>

As of June 30, 2011 and 2010, the Council "as a whole" had assets greater than its liabilities of \$1,040,950 and \$1,185,533, respectively. About 94% of the Council's total net assets are unrestricted as of June 30, 2011 and 88% as of June 30, 2010. Unrestricted net assets are important because they provide management the resources to adapt to changes in the economy, emergencies, unanticipated service needs and a reduction in or termination of grant revenues by government agencies.

The Council's restricted net assets were about 0.6% of its total net assets for FY 2011 whereas for FY 2010 they were less than 0.1% of total net assets. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets are presented net of any related outstanding debt to acquire them. For the years presented, there is not any debt to be subtracted from the capital asset amount. The Council's policy is to acquire capital assets by paying cash and avoiding debt.

This policy helps assure management will stay within its financial means so that future revenues will be spent for client services instead of debt service.

The Council had invested \$315,081 in five certificates of deposit (CDs) at June 30, 2011, which mature at various dates from August 2011 to February 2013. The certificates of deposit represent funds set aside to cushion any unexpected loss of revenue that might adversely impact the Council's ability to continue current service levels. Further, the staggered maturities are a way to maximize interest income on a portion of the excess operating funds.

Current assets include \$620,716 (\$635,996 for 2010) of funds that have been invested in LAMP. LAMP is a pool of local government funds that invests in short-term, high-quality investments for the purpose of providing a means to obtain interest income on idle funds and maintain liquidity. All investment income is available for management's discretionary use. The LAMP account is used as a means to finance the Council's operations during the fiscal year. Property tax collections are deposited into the LAMP account and held there until they are needed to pay the Council's bills.

Current liabilities consist primarily of accounts payable to vendors and payroll related liabilities that are due in the normal course of operations. Also included is \$9,590 (\$8,223 for 2010) for compensated absences that represents the Council's aggregate liability for unpaid vacation leave that its employees had earned but not taken as of year-end.

The following table illustrates the revenues and expenses that produced the decrease in net assets for FY 2011 and FY 2010, respectively.

<b>Revenues</b>	<b>2011</b>	<b>% of Total</b>	<b>2010</b>	<b>% of Total</b>
<b>Program Revenues:</b>				
Operating Grants and Contributions	\$ 320,822	24.38%	\$ 310,346	22.59%
Capital Grants and Contributions	-	0.00%	27,998	2.04%
<b>General Revenues:</b>				
Property Taxes	946,218	71.91%	982,830	71.54%
Unrestricted Grants and Contributions	44,219	3.36%	39,363	2.87%
Investment Income	4,634	0.35%	11,428	0.83%
Miscellaneous Income	-	0.00%	1,793	0.13%
<b>Total Revenues</b>	<b>\$ 1,315,893</b>	<b>100.00%</b>	<b>\$ 1,373,758</b>	<b>100.00%</b>
<b>Direct Program Expenses of the Health, Welfare, and Social Services Function:</b>				
<b>Supportive Services:</b>				
<b>Priority Services:</b>				
Transportation of the elderly	\$ 196,055	13.48%	\$ 239,821	16.80%
Personal Care	140,376	9.65%	145,799	10.22%
Homemaker	43,290	2.98%	57,870	4.05%
Other priority services	19,765	1.36%	29,054	2.04%
Non-priority Services	65,492	4.50%	63,468	4.45%
<b>Nutrition Services:</b>				
Congregate Meals	101,362	6.97%	91,121	6.38%
Home-delivered Meals	373,771	25.70%	303,558	21.27%
Family Caregiver Support	22,697	1.56%	24,463	1.71%
Disease Prevention and Health Promotion	8,905	0.61%	8,743	0.61%
Senior Citizen Center Operations	43,852	3.01%	42,761	3.00%
Transportation Services-non-elderly	8,531	0.59%	14,539	1.02%
Direct Administrative Expenses	430,407	29.59%	406,029	28.45%
<b>Total Expenses</b>	<b>\$ 1,454,503</b>	<b>100.00%</b>	<b>\$ 1,427,226</b>	<b>100.00%</b>
<b>Increase (Decrease) in Net Assets Before Special Item</b>	<b>(138,610)</b>		<b>(53,468)</b>	
Special Item - Loss of Sale of Vehicles	(5,973)		-	
<b>Increase (Decrease) in Net Assets After Special Item</b>	<b>(144,583)</b>		<b>(53,468)</b>	
Net Assets, beginning of the year	1,185,533		1,239,001	
<b>Net Assets, end of the year</b>	<b>\$ 1,040,950</b>		<b>\$ 1,185,533</b>	

The table above presents in a more summarized version the revenues and expenses of the Council's governmental activities for FY 2011 and FY 2010 than does the Statement of Activities. As you can see from the table, about 72% of the Council's activities were funded by a local property tax in each year. Without this source of revenue the Council's operations would have to be curtailed significantly.

Program revenues are comprised of government grants and restricted public support and comprise about 24% of the Council's total governmental activity revenues. These revenues must be used for the purposes for which they were given or granted to the Council.

The Council also received unrestricted public support and grants, which are available for management to use at its discretion. This type of revenue comprises about 3% of the Council's revenues.

The expenses in the table have been presented by primary programs, with some additional details about the subprograms. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocation was made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year. The expense allocations are a good indication of the demand for each type of service.

The Council had a \$144,583 decrease in its net assets for 2011 and it also had a decrease in net assets of \$53,468 in 2010. There is a reconciliation that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances that presents an analysis of why there are differences between that particular fund financial statement and the government-wide Statement of Activities for FY 2011.

## **AN ANALYSIS OF GOVERNMENTAL ACTIVITIES**

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council spends most of its money providing elderly transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of St. Charles Parish and presently these two services are in the greatest demand. However, there is also a consistent demand for in-home type services, such as, homemaker, personal care, and family caregiver support. As these demands increase, management may need to adjust its annual budget to reallocate available resources to meet the demands.

None of the programs are expected to be truly self-supporting and management has prepared budgets accordingly. However, on occasion, a program might "break even" or even make a slight "profit." For FY 2011, all of the Council's programs had net expenses that exceeded net revenues. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. Without the property tax revenue and the unrestricted grants and contributions, the Council would have a difficult time providing services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply

them in paying for the Council's current services as well as reallocating them to meet future demands.

Another indication of how money is used efficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2011, total administration expenses were \$430,407 whereas for FY 2010 total administration expenses were \$406,029. This expense comprised about 30% of the total expenses for FY 2011 (28% for FY 2010). Administration expenses include indirect type costs meaning that these are costs that are not specifically identified with a particular program, but which benefit all programs.

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

### **Fund Balances**

The Council showed a combined governmental fund balance of \$990,935 (as shown on the Fund Financial Statement's Balance Sheet) at the end of this year, which is a decrease of \$60,435 from last year. The General Fund decreased by \$67,091 this year, while the combined fund balances of the Special Revenue Funds increased by \$6,656.

### **Revenues**

The combined fund revenues decreased \$52,447 this year versus last year, as shown in the table below.

	% of 2011		% of 2010		Increase/(Decrease)	
	2011	Total	2010	Total	Amount	Percent
Property Taxes	\$ 991,931	72.85%	\$ 1,023,129	72.35%	\$ (31,198)	-3.05%
Intergovernmental	295,478	21.70%	318,191	22.50%	(22,713)	-7.14%
Public Support	68,715	5.05%	59,514	4.21%	9,201	15.46%
Interest Income	4,634	0.34%	11,428	0.81%	(6,794)	-59.45%
Miscellaneous	850	0.06%	1,793	0.13%	(943)	-52.59%
<b>Total Revenues</b>	<b>\$ 1,361,608</b>	<b>100.00%</b>	<b>\$ 1,414,055</b>	<b>100.00%</b>	<b>\$ (52,447)</b>	<b>-3.71%</b>

The decrease in property taxes results from a decline in the property tax base in St. Charles Parish. The decrease in intergovernmental revenue was primarily due to the Council not receiving any FTA grant funds in FY 2011, whereas it received \$27,998 in FTA grants last year to

purchase a new vehicle. FTA grants are not obtained each year because the Council does not buy vans each year. The increase in public support revenue in FY 2011 was primarily a result of a \$10,206 increase in funds received through Entergy Corporation for utility assistance. Falling interest rates on funds invested and a decrease in the amount of funds the Council was able to invest caused the decline in interest income.

## Expenditures

Total expenditures decreased by \$735 this year, as shown in the table below.

	2011	% of 2011 Total	2010	% of 2010 Total	Increase (Decrease) Amount	Increase (Decrease) Percent
Personnel	\$ 540,206	37.36%	\$ 507,174	35.05%	\$ 33,032	6.51%
Fringe	87,596	6.06%	65,036	4.50%	22,560	34.69%
Travel	16,679	1.15%	9,985	0.69%	6,694	67.04%
Operating Services	232,567	16.08%	229,840	15.89%	2,727	1.19%
Operating Supplies	64,464	4.46%	72,626	5.02%	(8,162)	-11.24%
Other Costs	25,684	1.78%	39,847	2.75%	(14,163)	-35.54%
Full Service Contracts	226,057	15.63%	248,360	17.17%	(22,303)	-8.98%
Meals	202,145	13.98%	184,524	12.75%	17,621	9.55%
Utility Assistance	4,957	0.34%	7,042	0.49%	(2,085)	-29.61%
Capital Outlay	0	0.00%	42,070	2.91%	(42,070)	-100.00%
Intergovernmental	45,713	3.16%	40,299	2.79%	5,414	13.43%
	<u>\$ 1,446,068</u>	100.00%	<u>\$ 1,446,803</u>	100.00%	<u>\$ (735)</u>	-0.05%

Personnel costs increased in 2011 primarily because management gave the employees a 2.5% cost of living raise, some employees worked more hours than last year, and a couple of new people were hired. The increase in fringe benefit expenditures was the result of: (1) an increase in worker's compensation insurance of \$9,897, (2) an increase in the Council's matching contribution for deferred compensation of \$5,077, and (3) an increase in health insurance premiums of \$5,320. Travel costs increased because the Council started having employees deliver home-delivered meals using their own cars instead of using the Council's vans, as was the case in past years. Operating service expenditures slightly increased in 2011 by \$2,727. Notable changes within this expenditure category included increases in expenditures related to vehicle insurance (\$6,777), while there was a decrease in vehicle maintenance (\$4,096). Operating supplies decreased by \$8,162 this year primarily because office supplies decreased by \$3,327, facility supplies decreased by \$1,660, and small dollar equipment purchases decreased by \$2,511. Other Costs decreased by \$14,163 this year primarily because the Council did not do any home

repairs, whereas last year it expended \$7,051 doing home repairs. Other notable changes that led to the decrease in Other Costs this year were (1) the total amount spent on senior center activities decreased by \$4,099, (2) computer software purchases decreased by \$1,950, and (3) training costs decreased by \$1,515. Full service contract costs decreased by \$22,303 in 2011 mainly because the Council provided less homemaker (\$14,580), personal care (\$5,423), and respite care services (\$2,335) during the year. Meals expenditures increased by \$17,621 in 2011 mainly because the Council was able to provide 4,907 more meals this year. The cost per meal also rose from \$2.87 to \$2.92 this year. A decrease in utility assistance costs by \$2,085 this year was caused by a decrease in the demand for that particular service. Capital outlay expenditures vary from year to year based on the needs of the Council and there was no need to acquire any vans or equipment in 2011. The increase in intergovernmental expenditures was due to an increase in the Council's pro-rata share of state and parish-wide costs, which were beyond management's control.

#### **AN ANALYSIS OF THE GENERAL FUND BUDGET**

During the fiscal year management did not amend its budget opting instead to operate under its original budget. However, there are situations when a budget amendment may be necessary, such as to account for unanticipated, significant changes (particularly unfavorable) in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA.

A schedule of the original budget with comparative results to the actual revenues and expenditures for the General Fund can be found in the "Supplementary Financial Information Required by GASB Statement 34" section of this report.

When comparing the final budget versus actual amounts, the Council had a net favorable variance of \$71,814. The primary reasons behind this net favorable variance can be summed up as follows:

- Transfers to other programs were budgeted in the aggregate to be \$1,204,544 whereas actual needs only required \$1,072,829 of transfers from the General Fund, resulting in a favorable variance of \$131,715.
- Actual property tax revenues were \$93,069 less than budgeted.
- Capital outlay expenditures were \$89,000 less than budgeted
- Vehicle acquisition grant revenues were \$66,000 less than budgeted.
- Interest income revenues were \$9,366 less than budgeted.
- Proceeds from sale of vehicles were \$13,601 more than budgeted.
- Other costs were \$10,117 less than budgeted.
- Public support revenues were \$7,879 less than budgeted.

These eight variances accounted for \$68,119 of the Council's total favorable variance of \$71,814 or 94.9%. The remaining favorable and unfavorable variances within the General Fund are well within the expectations of management and require no further explanation. Also, note that because the Council receives a large amount of unrestricted funds, primarily from property taxes, that management has a lot of flexibility and discretion in being able to expend or transfer out money from the Council's General Fund.

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

At the end of the year, the Council had \$59,605 in capital assets net of accumulated depreciation. This amount represents a net decrease from last year of \$82,781, which consisted of current year depreciation of \$52,783 and the book value (\$29,998) of vehicles that were sold.

##### Capital Assets, Net of Depreciation

	2011	2010	Increase (Decrease)
Vehicles	\$ 36,453	\$ 112,547	\$ (76,094)
Equipment	12,643	18,190	(5,547)
Leasehold Improvements	10,509	11,649	(1,140)
	<u>\$ 59,605</u>	<u>\$ 142,386</u>	<u>\$ (82,781)</u>

During FY 2011, there were no capital additions but the Council disposed of four vans. Two of the vans were fully depreciated and sold for \$10,995. The other two vans were partially depreciated and sold for \$13,030. These four vans were sold in one transaction that resulted in a \$5,973 loss on the sale, which has been presented as a "Special Item" on the Statement of Activities. The table below shows the details about the sale of the four vehicles.

##### Sale of Vans in FY 2011

	Book Value	Proceeds	Gain (Loss)
Van #79	\$ -	\$ 6,465	\$ 6,465
Van #11	-	4,530	4,530
Van #70	14,999	6,515	(8,484)
Van #77	14,999	6,515	(8,484)
	<u>\$ 29,998</u>	<u>\$ 24,025</u>	<u>\$ (5,973)</u>

During FY 2010 capital additions were \$42,070 which consisted of one new van and four new computers. Also, during 2010 the Council disposed of one fully depreciated van, which it sold for \$1,470.

At year-end the Council owned 10 vans, 7 of which were fully depreciated but operational.

The Council has plans to acquire one van using an FTA grant in FY 2012.

The Council has no long-term debt related to its capital assets and does not like to incur any as a matter of financial stewardship.

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

The Council receives the large majority of its annual funding from federal and state agencies and from property taxes. This source of income for the Council has been rather steady over the years for the Council. 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. There have been no significant changes to the funding levels or terms of the Council's primary grants and contracts for next year. In addition, management has forecasted gross property tax revenues will be at least \$955,000 next year.

Management has initially budgeted \$1,386,264 in revenues and \$1,386,264 in expenditures for the Council's programs in FY 2012. The budgeted expenditures equals the budgeted revenues for FY 2012, therefore the Council does not plan to have a surplus or deficit from next year's operations.

The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2012.

There are no plans to add or terminate any programs in FY 2012.

## **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 April Keller, Executive Director at 626 Pine Street, Suite A, Hahnville, Louisiana, 70057 or by phone at (985) 783-6683.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

## EXHIBIT A

**STATEMENT OF NET ASSETS**  
**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**  
**June 30, 2011**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and short-term investments	\$ 769,248
Due from employee	508
Due from Colonial Insurance	144
Receivables:	
Ad valorem taxes	62,086
Prepaid expenses	14,687
Total current assets	846,673
Long-term investments	190,081
Capital assets, net of accumulated depreciation	59,605
Total Assets	1,096,359
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	45,300
Payroll tax liabilities	303
Advances from funding agency - GOEA	216
Accrued compensated absences	9,590
Total current liabilities	55,409
<b>NET ASSETS</b>	
Invested in Capital Assets	59,605
Restricted for:	
Utility Assistance	6,661
Unrestricted	974,684
Total Net Assets	\$ 1,040,950

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

## STATEMENT OF ACTIVITIES

St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2011

Net (Expense)  
Revenue and  
Increase  
(Decrease) in  
Net Assets

Functions/Programs	Program Revenues				Capital Grants and Contributions	Total Governmental Activities
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions		
<b>Governmental Activities</b>						
<b>Health, Welfare &amp; Social Services:</b>						
Supportive Services:						
Transportation of the Elderly	\$ 196,055	\$ 135,860	\$ 0	\$ 32,802	\$ 0	\$ (299,113)
Homemaker	43,290	0	0	3,394	0	(39,896)
Information and Assistance	12,412	10,102	0	973	0	(21,541)
Legal Assistance	1,800	0	0	1,770	0	(30)
Medical Alert	696	0	0	54	0	(642)
Personal Care	140,376	0	0	12,025	0	(128,351)
Outreach	596	485	0	47	0	(1,034)
Recreation	64,796	52,717	0	5,089	0	(112,424)
Utility Assistance	4,957	0	0	11,613	0	6,656
Nutrition Services:						
Congregate Meals	101,362	44,484	0	38,351	0	(107,495)
Home Delivered Meals	373,771	164,254	0	118,001	0	(420,024)
Disease Prevention and Health Promotion	8,905	0	0	2,976	0	(5,929)
Family Caregiver Support	22,697	0	0	14,919	0	(7,778)
Senior Citizen Center Operations	43,852	0	0	44,221	0	369
Transportation Services - Non Elderly	8,531	5,918	0	18,000	0	3,551
Administration	430,407	(413,820)	0	16,587	0	0
Total governmental activities	\$ 1,454,503	\$ 0	\$ 0	\$ 320,822	\$ 0	(1,133,681)
General Revenues:						
Property taxes, net of intergovernmental expenses withheld (\$45,713)					946,218	
Grants and contributions not restricted to specific programs					44,219	
Unrestricted interest income					4,634	
Total General Revenues						995,071
Special Item - Loss on sale of vehicles						(5,973)
Total General Revenues and Special Item						989,098
Increase (Decrease) in net assets						(144,583)
Net assets - beginning of the year						1,185,533
Net assets - end of the year						\$ 1,040,950

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

## **FUND FINANCIAL STATEMENTS**

**FUND BALANCE SHEET  
GOVERNMENTAL FUNDS**

St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
June 30, 2011

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Non-Major Funds	<i>Total</i> Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 907,348	\$ 19,733	\$ 4,616	\$ 15,954	\$ 11,678	\$ 959,329
Due from employee	508	0	0	0	0	508
Due from Colonial Insurance	144	0	0	0	0	144
Ad valorem tax receivable	62,086	0	0	0	0	62,086
Prepaid expenditures	14,687	0	0	0	0	14,687
<b>Total Assets</b>	<b>\$ 984,773</b>	<b>\$ 19,733</b>	<b>\$ 4,616</b>	<b>\$ 15,954</b>	<b>\$ 11,678</b>	<b>\$ 1,036,754</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 196	\$ 19,733	\$ 4,616	\$ 15,954	\$ 4,801	\$ 45,300
Payroll liabilities	303	0	0	0	0	303
Advances from Funding Agency - GOEA	0	0	0	0	216	216
<b>Total Liabilities</b>	<b>\$ 499</b>	<b>\$ 19,733</b>	<b>\$ 4,616</b>	<b>\$ 15,954</b>	<b>\$ 5,017</b>	<b>\$ 45,819</b>
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Prepaid expenditures	\$ 14,687	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,687
<b>Restricted for:</b>						
Utility assistance	0	0	0	0	6,661	6,661
Assigned	0	0	0	0	0	0
Unassigned	969,587	0	0	0	0	969,587
<b>Total Fund Balances</b>	<b>\$ 984,274</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,661</b>	<b>\$ 990,935</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 984,773</b>	<b>\$ 19,733</b>	<b>\$ 4,616</b>	<b>\$ 15,954</b>	<b>\$ 11,678</b>	
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>						
- Compensated absences are not paid for out of current financial resources and therefore are not reported as liabilities in the governmental funds						(9,590)
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds						59,605
<b>Net Assets of Governmental Activities</b>						<b>\$ 1,040,950</b>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**  
**For the year ended June 30, 2011**

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Nonmajor Funds	Total Governmental Funds
<b><u>REVENUES</u></b>						
Ad Valorem Taxes	\$ 991,931	\$ 0	\$ 0	\$ 0	\$ 0	\$ 991,931
<b>Intergovernmental:</b>						
Governor's Office of Elderly Affairs	57,187	53,865	30,034	92,276	62,116	295,478
<b>Public Support (Restricted):</b>						
Client Contributions	0	1,439	8,317	25,725	0	35,481
Entergy Corporation	0	0	0	0	11,613	11,613
United Way	18,000	0	0	0	0	18,000
<b>Public Support (Unrestricted):</b>						
United Way	3,621	0	0	0	0	3,621
Interest Income	4,634	0	0	0	0	4,634
Miscellaneous	0	850	0	0	0	850
Total revenues	<u>1,075,373</u>	<u>56,154</u>	<u>38,351</u>	<u>118,001</u>	<u>73,729</u>	<u>1,361,608</u>
<b><u>EXPENDITURES</u></b>						
<b>Health, Welfare, &amp; Social Services:</b>						
<b>Current:</b>						
Personnel	14,943	239,377	68,943	216,320	623	540,206
Fringe	2,864	39,134	11,717	33,797	84	87,596
Travel	77	1,625	147	14,830	0	16,679
Operating Services	8,226	105,511	10,859	70,296	37,675	232,567
Operating Supplies	1,977	33,848	1,769	22,019	4,851	64,464
Other Costs	436	17,716	4,218	3,314	0	25,684
Full Service Contracts	9,000	186,162	0	0	30,895	226,057
Meals	0	0	46,147	155,998	0	202,145
Utility Assistance	0	0	0	0	4,957	4,957
Capital Outlay	0	0	0	0	0	0
Intergovernmental	45,713	0	0	0	0	45,713
Total expenditures	<u>83,236</u>	<u>623,373</u>	<u>143,800</u>	<u>516,574</u>	<u>79,085</u>	<u>1,446,068</u>
Excess of revenues over (under) expenditures	992,137	(567,219)	(105,449)	(398,573)	(5,356)	(84,460)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Operating transfers in	0	556,795	105,449	398,573	13,707	1,074,524
Operating transfers out	(1,072,829)	0	0	0	(1,695)	(1,074,524)
Proceeds from Sale of Vehicles	13,601	10,424	0	0	0	24,025
Net increase (decrease) in fund balances	(67,091)	0	0	0	6,656	(60,435)
<b><u>FUND BALANCE (DEFICIT)</u></b>						
Beginning of year	1,051,365	0	0	0	5	1,051,370
End of year	<u>\$ 984,274</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,661</u>	<u>\$ 990,935</u>

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

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

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana**

**For the year ended June 30, 2011**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds	\$ (60,435)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$52,783) exceeds capital outlays (\$0) in the current period.	(52,783)
When capital assets are sold, written-off, or disposed of, there could be a gain or loss on the disposition, which is included within the Statement of Activities. However, governmental funds do not present gains or losses on the disposition of capital assets because they do not represent inflows or outflows of financial resources. This reconciling item represents the difference in the net loss (\$5,973) on the disposal of capital assets and the gross proceeds (\$24,025) from the sale of general fixed assets shown as an Other Financing Source within the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(29,998)
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.	
Increase in compensated absences payable	(1,367)
Increase (Decrease) of Net Assets of Governmental Activities	\$ (144,583)

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

## **NOTES TO FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**St. Charles Council on Aging, Inc.**  
**Hahnville, Louisiana**  
**June 30, 2011**

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

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

**a. Purpose of the Council on Aging:**

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in St. Charles 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), and other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

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

**a. Purpose of the Council on Aging: - (continued)**

The primary services provided by the Council to the elderly residents of St. Charles Parish include congregate and home delivered meals, nutrition education, medical alert, personal care, information and assistance, outreach, material aid, utility assistance, homemakers, recreation, legal assistance, in-home respite, wellness, medication management, operating senior citizen centers, and transportation.

**b. Reporting Entity:**

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

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 Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

St. Charles Council on Aging, Inc. (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on January 31, 1974 and subsequently incorporated on January 12, 1976, under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

A board of directors, consisting of 13 voluntary members, who serve three-year terms, governs the Council. Each board member can serve no more than two consecutive terms. 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. Reasonable efforts are made to maintain a board of directors whose composition will be representative of the population

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

**b. Reporting Entity: - (continued)**

of St. Charles Parish. Board members are elected by the general membership of the Council. Membership in the Council is open at all times, without restriction, to all residents of St. Charles 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.

Although the St. Charles Council on Aging, Inc. (the Council) works with the St. Charles Parish Council (the Parish) in carrying out some social programs throughout St. Charles Parish, the Parish does not appoint a voting majority of the Council's board and the Parish does not intend to impose its will to affect the operations of the Council. The Parish does not provide directly any of the Council's total revenues; only various in-kind contributions. In addition, the Parish does not assume any specific financial burdens of the Council. As a result, the St. Charles Council on Aging, Inc. is not a component unit of the St. Charles Parish Council.

In addition, based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of any other primary government, nor does it have any component units that are related to it. Accordingly, the Council has presented its financial statements as a special-purpose, stand-alone government by applying the provisions of Statement 14 as if it were a primary government.

**c. Basis of Presentation of the Basic Financial Statements:**

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which report individual major governmental funds and combined non-major governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

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.

**Government-Wide Statements**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Governmental activities generally are supported by a property tax and intergovernmental revenues.

In the government-wide Statement of Net Assets only one column of numbers has been presented. The amounts are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. 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 charges for services, operating and capital grants and restricted 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.

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect costs among various functions and programs in accordance with OMB Circular A-87, *Cost Principles for States, Local, and Indian Tribal Governments*. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses." GOEA provides administrative 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 administrative grant funds are allocated to the Council's other functions and programs.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services that are provided by a specific function or program to people or other entities. The Council did not charge any person or entity a fee for services they received this year. Unrestricted contributions, property taxes, unrestricted grants, interest income, and miscellaneous revenues that are not properly included among program revenues are reported instead as general revenues in this statement. If a function or program has a net cost, then it was supported in some manner by the Council's general revenues. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues. This year the Council sold 4 vehicles, which have been shown as a special item in the Statement of Activities.

**Fund Financial Statements:**

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

The daily accounts of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

for with a separate set of self-balancing accounts that compromise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. For this year, no additional funds were deemed to be major funds by management. The nonmajor funds are summarized (aggregated) by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified on a hierarchy that shows, from the highest to the lowest, the level or form of constraints on fund balance and accordingly, the extent to which the Council is bound to honor them: nonspendable, restricted, committed, assigned and unassigned.

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

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

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "*proceeds of specific revenue sources*" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A large percentage of the Council's revenues comprising the special revenue funds are Title III funds provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs (GOEA), which in turn "passes through" the funds to the Council.

The following is a brief description of the programs or funding sources that comprise the Council's General Fund:

**Local Programs and Funding**

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at management's discretion. Property tax revenues represent the largest component of the Council's local funding. Expenditures that are not chargeable to specific programs because of budget limitations, or because of their nature, are recorded as local program expenditures. Because of their unrestricted nature, local funds are often used as transfers to other programs to eliminate deficits in cases where expenditures exceed revenues. In addition, capital outlay expenditures are usually made with local funds to minimize restrictions on the use and disposition of fixed assets.

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

**Local Transportation Program Services - Non-elderly**

The Council provides transportation services to persons, primarily dialysis patients, who are not sixty years old. United Way funds and unrestricted public support are used to pay for these services. The transportation services provided in this program differ from those provided in the Title III B program in that recipients of these services do not have to be at least 60 years old, which is required of Title III B participants.

**PCOA Funding**

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion in any program provided the program is benefitting people who are at least 60 years old. In FY 2011, the Council received this grant money into its General Fund and management transferred all \$37,500 of the PCOA funds to the Title III B Supportive Services Fund to subsidize that fund's program expenditures.

**Audit Funding**

Each year GOEA provides funds to subsidize the cost of the Council's annual audit. The audit funds (\$1,056 for FY 2011) were received and accounted for in the General Fund and used to help pay for the cost of the audit, which was \$9,000. The audit costs in excess of the subsidy were allocated amongst the Council's programs in the Statement of Activities using its indirect cost allocation model. However, in the fund financial statements, the excess audit costs were accounted for as an expenditure of the General Fund.

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

**Area Agency Administration (AAA) Funding**

Each fiscal year GOEA provides the Council with funds to subsidize the costs of administering the Council's special programs for the aging. This year GOEA granted the Council \$15,531 of AAA funding, which has been received and accounted for in the Council's General Fund along with an equal amount of administrative expenditures. The amount of funding is not enough to pay for all the indirect administrative (indirect) type costs. As a result, the Council will consume the GOEA grant funds first when paying for administrative costs and then allocate the excess administrative costs to other programs using a formula based on the percentage each program's direct costs bears to direct costs for all programs. In addition, due to program restrictions, administrative costs may not be allocated to certain funds and programs.

**Supplemental Senior Center Funding**

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. In FY 2011, the Council received \$3,100 of supplemental senior center funding from GOEA. Management can use its discretion as to how to spend this money, as long as the program benefits anyone at least 60 years old. This year management received this money into the Council's General Fund and then transferred it out to the Title III B Fund to subsidize the operating costs of that fund's program services.

**FTA Funding for Vehicle Acquisition**

The Council acquires vehicles purchased in part with federal funds under the Federal Transit Administration's (FTA) elderly and disabled persons transportation capital assistance program. The Louisiana Department of Transportation and Development (DOTD) coordinates the receipt and disbursement of the FTA funds and the required matching funds from the Council. In FY 2011 no federal FTA grant funds were received because the Council did not acquire any vans this year.

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or a nonmajor governmental fund.

**Major Special Revenue Funds:**

**Title III-B Fund**

The Title III B Fund is used to account for funds, which are used to provide various types of supportive social services to the elderly. The main source of the revenue forming the basis for this fund is a grant (\$53,865) the Council received from GOEA for Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers.

GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

<u>Type of Service Provided</u>	<u>Units</u>
Information and Assistance	875
Outreach	21
Recreation	15,018
Transportation for people age 60 or older	12,350
Material Aid	3,396
Medical Alert	32
Personal Care	8,794.50
Homemaker	2,886
Legal Assistance	27.50
Assisted Transportation	174

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

**Title III C-1 Fund**

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout St Charles Parish. The Council maintains meal sites in Hahnville, Luling, New Sarpy, and Norco. During the year, the Council provided 14,360 meals and 10 units of nutrition education to eligible participants.

There were two main sources of revenues received this year that form the basis of this fund: Special Programs for the Aging - Title III, Part C-1 - Nutrition Services grant funds (\$30,034) and contributions from those persons who received congregate meals (\$8,317).

**Title III C-2 Fund**

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals and nutrition education to homebound people who are age 60 or older. There were three main sources of revenues received this year that form the basis of this fund: Special Programs for the Aging - Title III, Part C-2 - Nutrition Services grant funds (\$52,310), Nutrition Services Incentive Program (NSIP) grant funds (\$39,966), and contributions from those persons who received the home-delivered meals (\$25,725). The Council provided 54,432 home-delivered meals and 22 units of nutrition education during the year to eligible participants.

Any food that is purchased for use in this nutrition program using NSIP funds must be of United States origin or be commodities from the United States Department of Agriculture.

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

**Non-Major Special Revenue Funds:**

**Title III D Fund**

The Title III D Fund is used to account for funds for wellness services, which include disease prevention and health promotion activities. During the year, 3,351 units of wellness services and 111 units of medication management were provided to eligible participants. The main source of the revenue forming the basis for this fund is a grant (\$2,976) the Council received from GOEA for Title III, Part D\_ Disease Prevention and Health Promotion Services.

**Title III E Fund**

The Title III E Fund is used to account for funds that are used to provide support services for family caregivers and for grandparents or older individuals who are relative caregivers. During the year, the Council provided 1,466 units of in-home respite and 17 units of information and assistance to eligible participants. The main source of the revenue forming the basis for this fund is a grant (\$14,919) the Council received from GOEA for the Title III, Part E\_ National Family Caregivers Support Program.

**Senior Center Fund**

The Senior Center Fund is used to account for the administration of Senior Center and Supplemental Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide community service centers at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior centers for St. Charles Parish are located in Hahnville, Luling, New Sarpy, and Norco.

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

**c. Basis of Presentation of the Basic Financial Statements: - (continued)**

**Utility Assistance Fund**

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 throughout the state to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administrative expenses can be paid for with these funds.

During the year, the Council assisted 28 people with paying their utility bills. The maximum amount of assistance a person can receive in one year is usually limited to \$600 a year under the Power to Care program, which is the only utility assistance program managed by the Council this year.

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

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Government-Wide Financial Statements - Accrual Basis:**

The 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 are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

**d. Measurement Focus and Basis of Accounting: - (continued)**

**Fund Financial Statements - Modified Accrual Basis:**

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues "available" if they are collected within six months after year-end, except for property taxes, which are considered "available" only if it is collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and changes in accrued compensated absences are costs that are not recognized in the governmental funds.

**e. Interfund Activity:**

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

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

**f. Cash:**

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions. Cash is reported at its carrying value, which approximates its fair value.

For the purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose. The Council has presented restricted cash as a component of current assets in the Statement of Net Assets because it is available for use in current operations.

**g. Investments**

Investments in certificates of deposit are reported at cost because they are "nonparticipating" interest-earning investment contracts as discussed in GASB 31. The term "nonparticipating" means that the investment value does not vary with market interest rate changes. Investments which include securities traded on a national or international exchange are valued based on their last reported sales price (fair value). Investments that do not have an established market are reported at estimated fair value.

The Council also invests funds in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. However, LAMP, Inc. is subject to regulatory oversight by the state treasurer and its board of directors. For financial statement purposes, LAMP investments are valued and reported at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. LAMP seeks to maintain a stable net asset value of \$1.00 per unit.

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

**g. Investments - (continued)**

but there are no assurances that LAMP will be able to always achieve this objective. Because of its liquidity, the balance in the LAMP account is classified as a current asset on the Statement of Net Assets.

**h. Receivables**

The financial statements contain an allowance for uncollectible ad valorem tax because management estimates that all of the tax owed the Council will not be collected. This year's allowance amount has already been applied to reduce the ad valorem tax receivable amount presented on the Balance Sheet and the Statement of Net Assets.

Management estimates that other receivables presented will be collected in full. However, if management becomes aware of information that would change its assessment about the collectability of these other receivables, management would write off the receivables as bad debts at that time.

**i. Prepaid Expenses/Expenditures:**

In the government-wide financial statements prepaid expenses include amounts paid in advance for goods and services. These are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

In the fund financial statements, management has elected not to include amounts paid for future services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as assets on the Balance Sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been classified as nonspendable to reflect the amount not currently available for expenditure.

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

**j. Capital Assets:**

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

**Government-Wide Financial Statements**

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

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

Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Computer Equipment	5 years
Leasehold Improvements	20 years
Nutrition Equipment	10 years
Vehicles	5 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

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

**j. Capital Assets: - (continued)**

**Fund Financial Statements**

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

**k. 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 the Council's policy as it relates to accruing (earning) and using vacation leave. Accordingly, all amounts earned and unused as of year-end are considered a current liability for purposes of the Statement of Net Assets.

The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year. An amount is added to this total for social security and Medicare taxes.

In contrast, the governmental funds in the fund financial statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, payments for vacation leave will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees. As a result, 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 create a reconciling item between the fund and government-wide financial statement presentations.

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

**k. Unpaid Compensated Absences: - (continued)**

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.

**l. Advances From Funding Agency:**

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. The Council had a \$216 advance from GOEA for the Title III D Fund as of year end.

**m. Deferred Revenue:**

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet (fund financial statements). Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenue at year end.

Deferred property tax revenues arise when property taxes are expected to be received but not within 60 days after the end of the Council's fiscal year in which the taxes are levied. Deferred property tax revenues are reported on the Balance Sheet of the fund financial statements, but not on the Statement of Net Assets using the full accrual basis of accounting. In subsequent periods when the deferred property tax revenues are collected, the deferral is removed from the Balance Sheet of the fund financial statements and revenues are recognized. The Council did not present any amounts this year as deferred property tax revenue because management believes little, if any, property tax revenue will be collected after August 31, 2011 for the 2010 property tax assessment.

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

**n. Net Assets in the Government-wide Financial Statements:**

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

- Invested in capital assets - This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets At year-end, the Council did not have any borrowings that were related to capital assets
- Restricted net assets - This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation
- Unrestricted net assets - This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets"

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, it is the Council's policy to use restricted resources first to finance its activities

**o. Fund Equity - Fund Financial Statements:**

Governmental fund equity is classified as fund balance Beginning with FY 2010, the Council implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions" This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used

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

**o. Fund Equity - Fund Financial Statements: - (continued)**

- **Nonspendable** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash
- **Restricted** This classification includes amounts for which constraints have been placed on the use of resources are either
  - **Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or**
  - **Imposed by law through constitutional provisions or enabling legislation**

Management has classified the fund balance for utility assistance as being restricted due to the constraints placed on the use of the money contributed by the general public and Entergy Corporation

- **Committed** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year end

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

**o. Fund Equity - Fund Financial Statements: - (continued)**

- **Assigned** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose. The Council did not have any assigned fund balance as of June 30, 2011.
- **Unassigned** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in more than one classification, the Council will use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Council's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

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

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

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

**q. Allocation of Indirect Expenses:**

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

**r. Elimination and Reclassifications:**

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

**Note 2 - Revenue Recognition**

Revenues are recorded in the government-wide 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 (charges for services), and interest income must be 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.

**Note 3 - Revenue Recognition - Property Tax**

The Council receives funds from a property tax that was adopted by the voters of St. Charles Parish on February 9, 2008 for the purpose of operating and maintaining programs for the elderly citizens in the Parish. The St. Charles Parish Assessor began assessing the property tax in 2008 and will continue to do so until 2017 (ten years). The tax will be based upon the assessed (appraised) value, less homestead exemptions, on all real and business personal property located within the Parish. The 1<sup>st</sup> day of January preceding the annual levy date (November 15<sup>th</sup>) will be used as the date to value the property subject to tax and make the annual assessment.

The gross assessed value as of January 1, 2010, of the certified property tax roll was \$1,118,897,563. After applying homestead exemptions and other reductions of \$99,064,440, the net assessed value upon which the Council's property tax was computed was \$1,019,833,123. The maximum amount the Council may legally elect to assess property owners each year is .98 mills, however, for this fiscal year only .97 mills was assessed. Accordingly, management initially estimated the gross amount of property tax payable to the Council for this fiscal year to be \$989,239. However, based on information available at the date of these financial statements were prepared, management has reduced its initial estimate of gross revenues by \$2,863 to reflect what it believes will be uncollectible property taxes. During FY 2011 the Council also collected \$5,555 of back property taxes, plus interest of \$444 on those back taxes.

Property taxes are levied on November 15 and are considered delinquent if not paid by December 31 (the lien date). Most of the property taxes are collected during the months of December, January, and February. The St. Charles Parish Sheriff acts as the collection agent for the Parish's property taxes. The Sheriff will have a "tax sale" each year to collect as much of the taxes due as possible. The tax sale date for St. Charles Parish for the 2010 tax assessment was June 2, 2011.

For the fund financial statements, property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. As the taxes are collected and remitted to the Council, they are recorded as revenues in accordance with the modified accrual basis of accounting. The Council also accrues as current year revenues any property taxes it receives within 60 days of year-end because it considers those amounts to be measurable and available. There was no property tax collected during July and August 2011. The Council did not present any amounts this year as deferred property tax revenue because management estimates little, if any, property taxes will be collected after August 31, 2011 for the 2010 property tax assessment.

**Note 3 - Revenue Recognition - Property Tax - (continued)**

For purposes of accruing property tax revenues in the government-wide financial statements, the Council follows the full accrual basis of accounting. This requires the Council to recognize property tax revenue based on the net assessed value provided by the Parish's assessor less any allowance for uncollectible amounts. Deferred property tax revenue is not recognized in the government-wide statements in contrast to the fund financial statements. If the fund financial statements do not present any amounts for deferred property tax revenues, then the amount of property tax revenues presented in the government-wide statements and the fund financial statements will be the same, which is the case this year.

Property tax revenues on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D) include \$45,713 for the Council's pro rata share of the cost of tax collection (\$466), pension expenses (\$33,034), indirect costs (\$1,593), and insurance premiums (\$10,620) on buildings used by the Council but owned by the Parish. A corresponding intergovernmental expenditure of \$45,713 has also been presented in that financial statement. For the purposes of the government-wide Statement of Activities, property tax revenues of \$991,931 were reduced by the \$45,713 producing net property tax revenue of \$946,218, which is a component of general revenues on that statement. Also see Note 12 to these financial statements.

**Note 4 - Cash and Investments**

At June 30, 2011, the Council's cash and investments consisted of the following:

<u>Cash &amp; Investments</u>	<u>Cost (*)</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:				
Checking account - operating	23,332	None	Demand	Category 1
Petty Cash	200	None	N/A	None
Total Cash	<u>23,532</u>			
Investments:				
Certificates of Deposit:				
First American Bank	50,000	1.45%	8/17/2011	Category 1
First American Bank	75,000	1.45%	8/17/2011	Category 1
First American Bank	75,000	2.35%	1/27/2013	Category 1
First National Bank *U*S*A	57,540	3.75%	2/13/2013	Category 1
First National Bank *U*S*A	57,541	3.75%	2/13/2013	Category 1
LAMP	620,716	0.14%	Demand	Not Required
Total Investments	<u>935,797</u>			
Total Cash & Investments	<u>\$ 959,329</u>			
Unrestricted Purpose	\$ 952,667			
Restricted Purpose:				
Utility Assistance	<u>6,662</u>			
Total Cash & Investments	<u>\$ 959,329</u>			

\* Cost approximates fair value in the above table

\$6,662 of the Council's cash is a restricted asset for the purposes of the Statement of Net Assets. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose. The Council has presented the restricted cash as a current asset in the Statement of Net Assets because it is available for use in current operations.

The Council's operating account is a consolidated bank account, which is available for use by all funds. The purpose of the consolidated account is to reduce administration costs and facilitate cash management by allowing those funds with available cash resources to temporarily cover any negative cash balances in other funds.

The Council also maintains a petty cash account of \$200 to pay for small, unexpected expenses that might arise during daily operations.

**Note 4 - Cash and Investments - (continued)**

During the year, the Council might accumulate cash in excess of its immediate needs. To maximize its revenues, the Council's management will invest the excess cash. Although it is not required by law to comply with the State of Louisiana's investment laws, the Council's management has adopted an investment policy that is intended to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds. Accordingly, at year-end, the Council's management has invested \$315,081 in certificates of deposit and \$620,716 in the Louisiana Asset Management Pool (LAMP). Both types of investments comply with state law and the Council's investment policy.

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

At year-end, all of the Council's bank balances (checking accounts plus certificates of deposits) were secured 100% by FDIC insurance or pledged securities.

The certificates of deposit represent nonparticipating interest-earning contracts as described in GASB Statement 31; accordingly, they have been reported at cost in these financial statements. Because the maturity dates of two certificates of deposit are before June 30, 2012, they are presented as short-term investments on the Statement of Net Assets. All other certificates of deposit have maturity dates after June 30, 2012 so they are presented as long-term investments on the Statement of Net Assets.

LAMP is an external investment pool established as a cooperative endeavor to enable public entities in the State of Louisiana an opportunity to combine their funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under Louisiana law. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

**Note 4 - Cash and Investments - (continued)**

GASB Statement No. 40 *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 37 days (from LAMP's monthly Statement of Net Assets) at of June 30, 2011.
- Foreign currency risk: Not applicable to 2a7-like pools.

**Note 5 - 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. However, at June 30, 2011, all amounts under government grants and contracts had been remitted to the Council; therefore, no balances existed.

**Note 6 - Prepaid Expenditures and Expenses**

At year-end, prepaid expenditures and prepaid expenses consisted of the following:

	Prepaid Expenditures	Prepaid Expenses
Rent	\$ 1,102	\$ 1,102
Telephone	168	168
Workman's Comp insurance	3,890	3,890
Van purchase deposit	9,526	9,526
Totals	\$ 14,686	\$ 14,686

**Note 7 - Changes in Capital Assets**

A summary of changes in capital assets is as follows:

	June 30, 2010	Additions	Dispositions	June 30, 2011
Vehicles	\$ 493,741	\$ -	\$ (151,157)	\$ 342,584
Machinery and equipment	62,703	0	0	62,703
Leasehold improvements	22,811	0	0	22,811
	579,255	0	(151,157)	428,098
Less: Accumulated Depreciation	(436,869)	(52,783)	121,159	(368,493)
Total	\$ 142,386	\$ (52,783)	\$ (29,998)	\$ 59,605

All of the Council's fixed assets are subject to depreciation.

The Council's management has reviewed the capital assets and does not believe any of them to have been impaired as of year-end.

**Note 7 - Changes in Capital Assets - (continued)**

Depreciation was charged to governmental activities as follows:

Supportive Services:	
Transportation For The Elderly	\$ 29,142
Nutrition Services:	
Congregate meals	556
Home delivered meals	15,949
Senior citizen center operations	1,326
Transportation of the general public	1,259
Administration	4,551
Total Depreciation Expense	\$ 52,783

The depreciation expense associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The other depreciation amounts are charged as direct expenses to their related functions on the Statement of Activities.

**Note 8 - Accrued Compensated Absences**

For purposes of the Statement of Net Assets, the Council has presented all of its accumulated unpaid vacation leave as a current liability. This is because vested amounts will all be used before the end of the next fiscal year. In contrast, no liability for vacation leave has been presented in the Balance Sheet of the fund financial statements because vacation leave does not become a liability until the employee has made a request to use it or terminates employment with the Council. The following is a schedule of changes that occurred in the Council's vacation leave account during the fiscal year:

	Balance 6/30/2010	Net Increase (Decrease)	Balance 6/30/2011
Accumulated Unpaid Leave	\$ 8,223	\$ 1,367	\$ 9,590

**Note 9 - In-Kind Contributions**

The Council received various in-kind contributions during the year. The senior center meal site locations in Luling and New Sarpy were provided without rental charge. However, the Council is responsible for paying the utility bill at these locations. If the Council had to pay rent for these locations, management estimates that each location would have cost about \$6,000 annually.

The Council was furnished (at no charge to the Council) a Title V worker to help with home-delivered meals at the Hahnville senior center and another Title V worker to help operate the Luling senior center. Management estimates that if it had to pay the workers, the cost for each worker would have been about \$8,143. In addition to these two workers, one other Title V worker provided administrative services to the Council and the value of her services was estimated to be \$2,280.

Every week vans (on a rotating basis) are washed by the prisoners at the Sheriff's office. The value of this service has been estimated by management to be \$55 per van, or \$5,720 annually.

Crime prevention, a service provided under Title III B's supportive services, was performed by the St. Charles Parish Sheriff and TRIAD at no cost to the Council. Management has estimated the value of this service to be about \$1,100.

The Council is a distribution site for "Food for Seniors" where commodities (food boxes) are passed out to the elderly. The commodities are not actually donated to the Council as an in-kind contribution. The Council coordinates the distribution and provides the manpower to help another local non-profit entity distribute the food boxes. During the year the Council distributed 3,396 food boxes. Each food box contained about \$50 of food.

Occasionally, the Council transports people that require assistance to make the trip. In such cases, the Council provides the transportation but cannot provide a person to assist the client being transported. The person who assists the client being transported is counted as in-kind support. Management estimates that if it had to pay these helpers, the cost would have been \$6,960 (174 units at \$40/unit).

No amounts have been recorded in these financial statements because accounting principles for governmental entities do not require the valuation and recording of in-kind contributions.

**Note 10 - Fund Balances - Fund Financial Statements**

At year-end, one special revenue fund, Utility Assistance, had a remaining fund balance of \$6,662 of which was classified as restricted. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

**Note 11 - Restricted Net Assets - Government-wide Statements**

At year-end, the Council's restricted net assets on the Statement of Net Assets consisted only of \$6,662 in unspent utility assistance donations. Because of the donor's restrictions, these funds can only be used for utility assistance.

**Note 12 - On-Behalf Payments for Fringe Benefits (public retirement systems)**

Because the Council is one of several governmental agencies receiving proceeds from a property tax assessment, state law (RS 11:82) requires the Council to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Council's pro-rata share of the required contribution was \$33,034 that was withheld by the St. Charles Parish Sheriff from property tax collections to satisfy the Council's obligation. The Sheriff withholds the entire amount of this obligation in December each year even though some of the property taxes may never be collected. None of the Council's employees participate in or benefit from any pension plan relating to this expenditure.

The following list presents the retirement systems that were funded by \$33,034 of the Council's property tax revenues in FY 2011:

**Note 12 - On-Behalf Payments for Fringe Benefits - (continued)**

Assessor's retirement fund	\$ 3,252
Clerks' of Court Retirement & Relief Fund	2,963
District Attorney's Retirement System	2,371
Municipal Employees' Retirement System	2,963
Parochial Employees' Retirement System	2,963
Registrar of Voters Employees' Retirement System	741
Sheriffs' Pension & Relief Fund	5,927
Teachers' Retirement System	11,854

**Note 13 - 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 14 - Income Tax Status**

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

**Note 15 - Lease and Rental Commitments**

Lease #1

The Council leases from the St. Charles Parish School Board (the Lessor) building facilities at 626 Pine Street, Hahnville, Louisiana that house the Council's main office and the Hahnville senior center, and a meal site known as the Norco Adult Learning center located in Norco, Louisiana. The terms of this lease require monthly payments of \$1,102 per month. Through June 30, 2011, the Council is responsible for cleaning the facilities and the St. Charles Parish School Board (the Lessor) pays for repairs, utilities, and liability insurance covering the facilities. Beginning July 1, 2011 the lease was modified to make the Council responsible for making all repairs to the facilities except for the roof and building shell. The lessor will remain responsible for the utility bills and the insurance covering the facilities. The lease is a continuous lease, which may be terminated upon a sixty-day notice by either party. For the fiscal year rent expenditures were \$13,224. The portion (56%) of the lease that is for the senior center is reported in the senior center fund, and the portion (44%) that is for the main office is allocated to the various programs as an indirect expense. This lease will require the Council to pay \$13,224 per year for every year until the lease is terminated or amended.

Lease # 2

The Council signed a 60-month lease agreement with Xerox with a lease payment of \$420 per month starting in January 2009. The total amount of lease expense for the year was \$5,040. This lease cost is allocated to the various programs as an indirect expense. The minimum future lease payments under this lease as of June 30, 2011, for each year until the lease expires and in the aggregate, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	5,040
2013	5,040
2014	2,520
Total minimum future lease payments	<u>\$ 12,600</u>

Lease # 3

The Council rents radios for its vans on a month-to-month basis. The rent expense for the year was \$6,600, which has been allocated proportionately to the elderly transportation (63%), nonelderly transportation (3%), and the home-delivered meals (34%) programs.

**Note 15 - Lease and Rental Commitments - (continued)**

Lease # 4

The Council signed a 48-month lease agreement for its telephone system for \$168 per month starting in February 2011. The total amount of lease expense for the year was \$842. This lease cost is allocated to the various programs as an indirect expense. The minimum future lease payments under this lease as of June 30, 2011, for each year until the lease expires and in the aggregate, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	2,020
2013	2,020
2014	2,020
2015	1,178
Total minimum future lease payments	<u>\$ 7,238</u>

The lease contains a bargain purchase option of \$1, which will allow the Council to purchase the equipment at the end of the lease. Management has elected not to capitalize this lease because it is unsure if it will elect to exercise the bargain purchase option at the end of the lease.

The total rent expense for all of the above lease and rental commitments was included in the fund financial statements in the Operating Services category on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D).

**Note 16 - Judgments, Claims, and Similar Contingencies**

As of the end of this fiscal year, the Council's management has no knowledge of any pending litigation, lawsuits, or claims against the Council. Furthermore, the Council's management believes that any unexpected lawsuits or claims that might be filed against the Council would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

**Note 17 - Contingencies - Grant Programs**

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

**Note 18 - 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 provisions to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes. In addition, the Council does not provide health insurance coverage as a benefit to all of its employees. Instead, it only pays one-half of the monthly premiums for six administrative employees.

**Note 19 - Retirement Plan**

The Council and its qualified employees participate in the Louisiana Deferred Compensation Plan, which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Great West Life and Annuity Insurance Company administers the plan. The Plan is available to all Council employees. Participation is not mandatory. The plan permits participating employees to defer up to the lesser of (1) 100% of their taxable compensation or (2) \$16,500 (\$22,000 if over 50 years of age) per year. In addition, the Council will "match" 25% of the amount the participant defers. All amounts contributed to the plan by the employees and the Council are non-forfeitable thereby making them 100% vested by the employees. Matching amounts contributed by the Council were \$5,195. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. The Council does not guarantee the benefits of any amounts contributed to the Great West Life and Annuity Insurance Company.

**Note 20 - Economic Dependency**

The Council receives the majority of its revenue from grants administered through the Governor's Office of Elderly Affairs (GOEA) and property taxes from St. Charles Parish. The grant amounts are appropriated each year by the federal and state governments. The St. Charles Parish Assessor assesses the property taxes each year. 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. Also, if the property tax base of St. Charles Parish significantly declines, or if the St. Charles Parish Council votes to reduce the millage assessment, the amount of property taxes that the Council receives could be significantly reduced. Management is not aware of any actions or events that will significantly affect the amount of funds the Council will receive next year relating to amounts it usually receives from GOEA or the property tax.

**Note 21 - Interfund Transfers**

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

	Operating Transfers	
	In From	Out To
<b>General Fund:</b>		
Title III B Fund	\$ 0	\$ 555,100
Title III C-2 Fund	0	105,449
Title III C-2 Fund	0	398,573
Nonmajor Funds:		
Title III D Fund	0	5,929
Title III E Fund	0	7,778
Total General Fund	0	1,072,829
<b>Title III B Fund:</b>		
General Fund	514,500	0
General Fund - PCOA grant	37,500	0
General Fund - Supp. Senior Center Fund	3,100	
Nonmajor Funds - Senior Center Fund	1,695	
Total Title III B Fund	556,795	0
<b>Title III C-1 Fund:</b>		
General Fund	105,449	0
Total Title III C-1 Fund	105,449	0
<b>Title III C-2 Fund:</b>		
General Fund	398,573	0
Total Title III C-2 Fund	398,573	0
<b>Nonmajor Fund in the Aggregate:</b>		
General Fund	13,707	0
Title III B Fund	0	1,695
Total Nonmajor Funds in the Aggregate	13,707	1,695
<b>Total Transfers</b>	<b>\$ 1,074,524</b>	<b>\$ 1,074,524</b>

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 (2) shift unrestricted revenues collected in the General Fund to finance various programs accounted for by special revenue funds to eliminate program deficits.

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

**Note 22 - Interfund Receivables and Payables**

Because the Council operates most of its programs under cost reimbursement type grants, some programs have 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.

When interfund loans are present, they are eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

At year-end, the Council did not have any interfund receivables or payables.

**Note 23 - Related Party Transactions**

There were no significant related party transactions during the year.

**Note 24 - Purchase Commitments**

The Council has deposited \$9,526 as its share of matching funds (20% of the total cost) for one vehicle that will be purchased under a federal public transportation capital assistance program for elderly and disabled persons. The vehicle purchase contract is between the Council and the Louisiana Department of Transportation and Development (DOTD). The deposited amounts have been presented as a component of nonspendable fund balance of the Council's General Fund as of year-end. Management expects the vehicle to be delivered in fiscal year 2012.

**Note 25 - Subsequent Events**

Management has evaluated subsequent events through December 05, 2011, which is the date the financial statements were available to be issued. There were no events that required disclosure.

**REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION BY GASB 34**

**Budgetary Comparison Schedule - General Fund**

St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2011

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Ad Valorem Taxes	\$ 1,085,000	\$ 991,931	\$ (93,069)
Intergovernmental:			
GOEA - PCOA grant	37,500	37,500	0
GOEA - Audit grant	1,056	1,056	0
GOEA - AAA grant	15,531	15,531	0
GOEA - Supplemental Senior Center grant	3,100	3,100	0
LA DOTD - Vehicle acquisition grants	66,000	0	(66,000)
Public Support			
United Way - Restricted	28,000	18,000	(10,000)
United Way - Unrestricted	1,500	3,621	2,121
General Public - Unrestricted	0	0	0
Interest Income	14,000	4,634	(9,366)
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>1,251,687</b>	<b>1,075,373</b>	<b>(176,314)</b>
<b>EXPENDITURES</b>			
Current:			
Personnel	20,892	14,943	5,949
Fringe	4,010	2,864	1,146
Travel	91	77	14
Operating Services	10,330	8,226	2,104
Operating Supplies	2,472	1,977	495
Other Costs	10,553	436	10,117
Full Service Contracts	8,700	9,000	(300)
Capital Outlay	89,000	0	89,000
Intergovernmental	40,000	45,713	(5,713)
<b>Total Expenditures</b>	<b>186,048</b>	<b>83,236</b>	<b>102,812</b>
Excess of expenditures over revenues	1,065,639	992,137	(73,502)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(1,204,544)	(1,072,829)	131,715
Proceeds from Sale of Vehicles	0	13,601	13,601
<b>Total other financing sources and uses</b>	<b>(1,204,544)</b>	<b>(1,059,228)</b>	<b>145,316</b>
Net increase (decrease) in fund balance	\$ (138,905)	(67,091)	\$ 71,814
<b>FUND BALANCE</b>			
Beginning of year		1,051,365	
End of year		\$ 984,274	

See notes to required supplementary information.

**Budgetary Comparison Schedule - Title III B Fund**

St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2011

	<b>Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original (Unamended)</b>	<b>Modified Accrual Basis</b>	<b>Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ 53,865	\$ 53,865	\$ 0
Public Support - Restricted:			
Client Contributions	1,000	1,439	439
Miscellaneous	0	850	850
<b>Total Revenues</b>	<b>54,865</b>	<b>56,154</b>	<b>1,289</b>
<b>EXPENDITURES</b>			
Current:			
Personnel	314,479	239,377	75,102
Fringe	54,334	39,134	15,200
Travel	3,290	1,625	1,665
Operating Services	122,891	105,511	17,380
Operating Supplies	35,928	33,848	2,080
Other Costs	30,088	17,716	12,372
Full Service Contracts	215,540	186,162	29,378
<b>Total Expenditures</b>	<b>776,550</b>	<b>623,373</b>	<b>153,177</b>
Excess of expenditures over revenues	(721,685)	(567,219)	154,466
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	721,685	556,795	(164,890)
Transfers out	0	0	0
Proceeds from Sale of Vehicles	0	10,424	10,424
<b>Total other financing sources and uses</b>	<b>721,685</b>	<b>567,219</b>	<b>(154,466)</b>
Net increase (decrease) in fund balance	\$ 0	0	\$ 0
<b>FUND BALANCE</b>			
Beginning of year		0	
End of year		\$ 0	

See notes to required supplementary information

**Budgetary Comparison Schedule - Title III C-1 Fund**

St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2011

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs			
Primary grant	\$ 30,034	\$ 30,034	\$ 0
Public Support - Restricted:			
Client Contributions	8,000	8,317	317
Total Revenues	<u>38,034</u>	<u>38,351</u>	<u>317</u>
<b>EXPENDITURES</b>			
Current:			
Personnel	66,120	68,943	(2,823)
Fringe	9,781	11,717	(1,936)
Travel	139	147	(8)
Operating Services	11,434	10,859	575
Operating Supplies	2,488	1,769	719
Other Costs	4,640	4,218	422
Meals	44,546	46,147	(1,601)
Total Expenditures	<u>139,148</u>	<u>143,800</u>	<u>(4,652)</u>
Excess of expenditures over revenues	<u>(101,114)</u>	<u>(105,449)</u>	<u>(4,335)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>101,114</u>	<u>105,449</u>	<u>4,335</u>
Total other financing sources and uses	<u>101,114</u>	<u>105,449</u>	<u>4,335</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>FUND BALANCE</b>			
Beginning of year		<u>0</u>	
End of year		<u>\$ 0</u>	

See notes to required supplementary information

**Budgetary Comparison Schedule - Title III C-2 Fund**

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2011**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original (Unamended)</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs			
Primary grant	\$ 52,310	\$ 52,310	\$ 0
NSIP grant	44,119	39,966	(4,153)
Public Support - Restricted:			
Client Contributions	<u>23,000</u>	<u>25,725</u>	<u>2,725</u>
Total Revenues	<u>119,429</u>	<u>118,001</u>	<u>(1,428)</u>
<b>EXPENDITURES</b>			
Current:			
Personnel	200,844	216,320	(15,476)
Fringe	29,561	33,797	(4,236)
Travel	5,467	14,830	(9,363)
Operating Services	60,336	70,296	(9,960)
Operating Supplies	16,477	22,019	(5,542)
Other Costs	3,860	3,314	546
Meals	<u>158,765</u>	<u>155,998</u>	<u>2,767</u>
Total Expenditures	<u>475,310</u>	<u>516,574</u>	<u>(41,264)</u>
Excess of expenditures over revenues	<u>(355,881)</u>	<u>(398,573)</u>	<u>(42,692)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>355,881</u>	<u>398,573</u>	<u>42,692</u>
Total other financing sources and uses	<u>355,881</u>	<u>398,573</u>	<u>42,692</u>
Net increase (decrease) in fund balance	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>FUND BALANCE</b>			
Beginning of year		<u>0</u>	
End of year		<u>\$ 0</u>	

See notes to required supplementary information

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana**

**For the Year Ended June 30, 2011**

**Note 1 - Budgetary Reporting**

The budget information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "Non-major" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Governor's Office of Elderly Affairs "GOEA" notifies the Council each year as to the funding levels for each of its programs.
- Management makes revenue projections based on grants from other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Management makes projections of property tax revenues based on past trends and data available at the Parish Assessor's office to form expectations of future revenues.
- The Council's executive director and finance administrator prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget before May 31 of the current fiscal year for the next fiscal year.
- The adopted budget is forwarded to the Governor's Office of Elderly Affairs for final compliance approval.

**Note 1 - Budgetary Reporting - (continued)**

- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, the Council will automatically budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicles delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts. During the fiscal year, management did not amend the Council's budget.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from the Governor's Office of Elderly Affairs (GOEA) for changes relating to funds received under grants from this state agency. As part of its grant awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular line item exceed the budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Expenditures cannot legally exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities may not be budgeted, particularly if they are deemed to be immaterial by management.

**Note 2 - General Fund's Budgeted Operating Deficit**

Management budgeted an operating deficit in the Council's General Fund this year because (1) wages and associated payroll costs had to be increased to allow the Council to be competitive in retaining and attracting personnel, (2) management prefers to establish high unit of service goals in case demand for the Council's services increases beyond historical levels, (3) the Council's United Way funding was significantly reduced from last year and management did not want to cut services that were previously paid for with this money, and (4) management budgets for unexpected occurrences, such as the increase in the price of fuel, as a matter of conservative financial policy. Management was able to budget the operating deficit because the Council had enough fund balance to cover the deficit.

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

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

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2011**

	<u>Title III D</u>	<u>Title III E</u>	<u>Senior Center</u>	<u>Utility Assistance</u>	<u>Totals</u>
<b><u>REVENUES</u></b>					
Intergovernmental:					
Governor's Office of Elderly Affairs					
Primary grants	\$ 2,976	\$ 14,919	\$ 44,221	\$ 0	\$ 62,116
Public Support (Restricted):					
Client Contributions	0	0	0	0	0
Entergy Corporation	0	0	0	11,613	11,613
Total revenues	<u>2,976</u>	<u>14,919</u>	<u>44,221</u>	<u>11,613</u>	<u>73,729</u>
<b><u>EXPENDITURES</u></b>					
Health, Welfare, & Social Services:					
Current:					
Personnel	0	623	0	0	623
Fringe	0	84	0	0	84
Travel	0	0	0	0	0
Operating Services	0	0	37,675	0	37,675
Operating Supplies	0	0	4,851	0	4,851
Other Costs	0	0	0	0	0
Full Service Contracts	8,905	21,990	0	0	30,895
Meals	0	0	0	0	0
Utility Assistance	0	0	0	4,957	4,957
Capital Outlay	0	0	0	0	0
Total expenditures	<u>8,905</u>	<u>22,697</u>	<u>42,526</u>	<u>4,957</u>	<u>79,085</u>
Excess of revenues over (under) expenditures	(5,929)	(7,778)	1,695	6,656	(5,356)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Operating transfers in	5,929	7,778	0	0	13,707
Operating transfers out	0	0	(1,695)	0	(1,695)
Net increase (decrease) in fund balances	0	0	0	6,656	6,656
<b><u>FUND BALANCE (DEFICIT)</u></b>					
Beginning of year	0	0	0	5	5
End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,661</u>	<u>\$ 6,661</u>

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS  
AND CHANGES IN CAPITAL ASSETS**

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2011**

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b><u>Capital Assets</u></b>				
Vehicles	\$ 493,741	\$ 0	\$ (151,157)	\$ 342,584
Equipment	62,703	0	0	62,703
Leasehold Improvements	22,811	0	0	22,811
Total capital assets	<u>\$ 579,255</u>	<u>\$ 0</u>	<u>\$ (151,157)</u>	<u>\$ 428,098</u>
 <b><u>Investment in Capital Assets</u></b>				
Property acquired with funds from -				
DOTD	1,270	0	0	1,270
FTA	384,786	0	(120,928)	263,858
General Funds	181,889	0	(30,229)	151,660
PCOA	6,286	0	0	6,286
Senior Center	1,126	0	0	1,126
United Way	3,898	0	0	3,898
Total investment in capital assets	<u>\$ 579,255</u>	<u>\$ 0</u>	<u>\$ (151,157)</u>	<u>\$ 428,098</u>



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

To the Board of Directors,  
St. Charles Council on Aging, Inc.  
Hahnville, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Charles Council on Aging, Inc., Hahnville, Louisiana, (the Council) as of and for the year ended June 30, 2011, which collectively comprise the Council's basic financial statements and have issued my report thereon dated December 05, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Council's management, finance committee, board of directors, pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thibodaux, Louisiana



December 05, 2011

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

St. Charles Council on Aging, Inc.

Hahnville, Louisiana

For the Year Ended June 30, 2011

### SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Noncompliance material to the financial statements identified? No

Federal Awards:

This section is not applicable because federal award expenditures were less than \$500,000 and a single audit was not required.

Identification of Major Programs

This section is not applicable because federal award expenditures were less than \$500,000 and a single audit was not required.

Management Letter:

No management letter was issued this year.

#### B. FINANCIAL STATEMENT FINDINGS

There were no findings that are required to be reported in this section of the report.

#### C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings that are required to be reported in this section of the report.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the year ended June 30, 2011**

**Financial Statements Findings**

No matters were reported last year.

**Major Federal Award Program Findings and Questioned Costs**

No matters were reported last year.

**Management Letter**

None was issued last year.

## MANAGEMENT'S CORRECTIVE ACTION PLAN

**St. Charles Council on Aging, Inc.  
Hahnville, Louisiana  
For the Year Ended June 30, 2011**

To the following oversight agencies for audit:

**Federal:** U.S. Department of Health and Human Services - Administration on Aging.

**State:** Legislative Auditor of the State of Louisiana; and  
Governor's Office of Elderly Affairs.

**Name and address of independent public accounting firm:** T. S. Kearns & Co., CPA, PC, 164  
West Main Street, Thibodaux, LA 70301

**Audit period:** For the year ended June 30, 2011.

The auditor did not report any findings relating to the financial statements or federal awards. Accordingly, there was not any need for management to have a corrective action plan this year in response to findings or other matters.

If you have any questions regarding this corrective action plan, please call the Council's Executive Director, at (985) 783-6683.