

**SABINE COUNCIL ON AGING, INC.
MANY, LOUISIANA**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2017**

Sabine Council on Aging, Inc.
Many, Louisiana

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Many, Louisiana

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SABINE COUNCIL ON AGING, INC.
Many, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2017

The following discussion and analysis of the Sabine Council on Aging's (the Council) financial performance is provided as an overview of the Council's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. This document should be read in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Unrestricted net position, which represents the amount available to be used to meet ongoing obligations to the aged citizens of Sabine Parish and creditors in accordance with the Council's fund designation and fiscal policies increased \$66,771 (2.0%) to \$3,408,388 in June 30, 2017, compared to an increase of \$362 (0.01%) and \$200,312 (6.38%) as of June 30, 2016 and 2015, respectively.
- Sales tax revenue increased \$4,916 (0.6%) to \$828,784 during the year ended June 30, 2017, compared to a decrease of \$38,459 (4.5%) and an increase of \$10,383 (1.22%) during the years ended June 30, 2016 and 2015, respectively.
- The Council had an excess of revenues over expenses of \$19,559 for the year ended June 30, 2017, compared to a deficit of (\$5,525) and an excess of \$131,964 for the years ended June 30, 2016 and 2015, respectively.
- During the current year, expenses decreased \$35,120 which is a 2.72% decrease from last year.
- The Council had no long-term debt at years ending June 30, 2017, 2016, or 2015.

HOW TO USE THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 and 14) provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. Fund financial statements begin on page 16. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds.

Our auditor has provided assurance in the independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance about the supplemental financial information required by GASB Statement 34 and other supplemental financial information that follows later in this reporting package. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS

Our analysis of the Council as a whole begins on page 13. An important question to ask about the Council's finances is, "Is the Council as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Government-Wide statements report the Council's net position and changes in them. Some of the net position is restricted which means they can only be used for a specific purpose. The Statement of Net Position is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net position is one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, other nonfinancial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services, should be considered. The Statement of Activities provides information that shows how the Council's net position changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities. These activities include an Administration function, Medicaid Transportation function, and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include various supportive social services, nutritional services, utility assistance, and disease prevention and health promotion. The Medicaid Transportation is relevant to the activities of transporting the elderly, which are services reimbursable by Medicaid. All activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it receives from government grants and contracts, along with donations from the general public, and in the case of the Sabine Council, an assessed sales tax, to pay for the services it provides to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. However, the Council does charge a fee for persons under 60 years old to ride the Council's vans. We do not view the fees we charge for these activities as a business-type activity because we do not intend to make a profit or recover the full cost of providing the service.

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

Our analysis of the Council's major funds begins on page 16. The Fund Financial Statements can be found on pages 16 and 17 and provide detailed information about the most significant funds – not the Council as a whole. In the Fund Financial Statements, you will see a General Fund and a variety of major Special Revenue Funds. The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. By using separate funds to track revenues and expenditures, we can control and manage funds for particular purposes or we can show that the fund is meeting legal responsibilities for using certain grants and other money.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We have presented the difference between the net position of governmental activities and the fund balance of the governmental funds in a reconciliation at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in net position for the governmental funds and the change in net position for the governmental activities has been presented in a reconciliation at the bottom of the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 33. You should read the notes before making assumptions or drawing conclusions about the Council's financial conditions.

SUPPLEMENTAL FINANCIAL INFORMATION REQUIRED BY
GASB STATEMENT 34

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

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria, but which we believe is important to present for the Council's financial statement users.

Management's Discussion and Analysis is also required supplementary information (RSI) by GASB Statement 34. However, it is presented under Required Supplementary Information (Part I) at the beginning of the reporting package and not with the other RSI by GASB Statement 34.

OTHER SUPPLEMENTAL FINANCIAL INFORMATION

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

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 40 to 41. This information will be used by GOEA to verify the accuracy of information the Council submitted to it during the year and to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council. The schedule of compensation, benefits and other payments to agency head or chief executive officer on page 42 is presented to fulfill the requirements of Louisiana Revised Statute 24:513(A)(3).

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

The following table reflects condensed information on the Council's net position.

	Governmental Activities		
	2017	2016	2015
Current and other assets	\$ 3,492,275	\$ 3,415,653	\$ 3,413,143
Capital assets, net of depreciation	1,584,537	1,631,133	1,637,651
Total Assets	<u>\$ 5,076,812</u>	<u>\$ 5,046,786</u>	<u>\$ 5,050,794</u>
 Total current liabilities	 <u>\$ 70,902</u>	 <u>\$ 60,435</u>	 <u>\$ 58,918</u>
 Net Position:			
Net investment in capital assets	\$ 1,584,537	\$ 1,631,133	\$ 1,637,651
Restricted	12,985	13,601	12,970
Unrestricted	3,408,388	3,341,617	3,341,255
Total Net Position	<u>\$ 5,005,910</u>	<u>\$ 4,986,351</u>	<u>\$ 4,991,876</u>

As of June 30, 2017, the Council "as a whole" had assets greater than its liabilities by \$5,005,910. The Council's total net position increased \$19,559 (0.39%) since 2016 and \$14,034 (0.28%) since 2015. This is due primarily to the fluctuations in sales tax and grant revenue and the decrease in net investment in capital assets.

The Council's unrestricted net position increased by \$66,771 (2.0%) from last year's amount. About 68.09% of the Council's net position is unrestricted as of June 30, 2017. It is important that the Council have unrestricted net position so there will be resources available to adapt to changes in the economy,

emergencies, unexpected needs, reductions in or termination of grant revenues by government agencies and future capital expenditures.

The Council's restricted net position of \$12,985 is for utility assistance and represents 0.26% of total net position. Net position is reported as restricted when the constraints placed upon the asset's 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 31.65% of net position that have been invested in capital assets (\$1,584,537) are presented net of depreciation and any related outstanding debt incurred to acquire them.

Total liabilities increase by \$10,467 (17.32%) this year. The primary reason for the increase is the increase in accrued payroll and travel expense.

The table below illustrates the revenues and expenses that caused the change in net position over the years.

For the years ending June 30,	2017	2016	2015
Revenues			
Program Revenues:			
Operating Grants and Contributions	\$ 325,311	\$ 309,772	\$ 319,016
Capital Grants and Contributions	0	41,408	0
General Revenues:			
Sales Tax Revenue	828,784	823,868	862,327
Unrestricted Grants and Contributions	99,777	91,910	208,348
Interest	18,941	16,280	8,337
Other General Revenues	3,198	2,809	1,244
Total Revenues	<u>\$ 1,276,011</u>	<u>\$ 1,286,047</u>	<u>\$ 1,399,272</u>
Program Expenses of the Health Welfare & Social Services			
Supportive Services:			
Homemaker	\$ 77,204	\$ 95,002	\$ 95,075
Information and Assistance	16,160	15,450	17,176
Legal Assistance	3,000	3,000	2,438
Outreach	4,280	4,189	2,153
Transportation	125,809	125,819	126,646
Other Non-priority Services	10,603	12,367	99,717
Nutrition Services:			
Congregate Meals	114,814	117,308	116,459
Home Delivered Meals	384,385	378,435	402,085
Nutrition Education	252	252	252
Medication Management and Wellness	4,051	5,025	5,829
National Family Caregiver	40,375	29,591	43,519
Utility Assistance	1,380	1,148	1,168
Senior Center Activities	121,188	127,402	0
Other Senior Activities	92,419	104,832	0
Program Expenses of Medicaid Transportation	136,980	140,222	225,825
Administration Expenses	123,552	131,530	128,966
Total Expenses	<u>\$ 1,256,452</u>	<u>\$ 1,291,572</u>	<u>\$ 1,267,308</u>
Increase (decrease) in Net Position	19,559	(5,525)	131,964
Beginning Net Position	4,986,351	4,991,876	4,882,945
Prior Period Adjustment	0	0	(23,033)
Ending Net Position	<u>\$ 5,005,910</u>	<u>\$ 4,986,351</u>	<u>\$ 4,991,876</u>

The Council's total revenues were \$1,276,011 or a decrease of \$10,036 (-0.78%) from 2016 government-wide financial statements. The prior year's revenue was \$1,286,047 in 2016, a decrease of \$113,225 from 2015 revenue. Total expenses of \$1,256,452 in 2017 decreased by \$35,120 (2.72%) from \$1,291,572 in 2016 and by \$10,856 (0.86%) from \$1,267,308 in 2015.

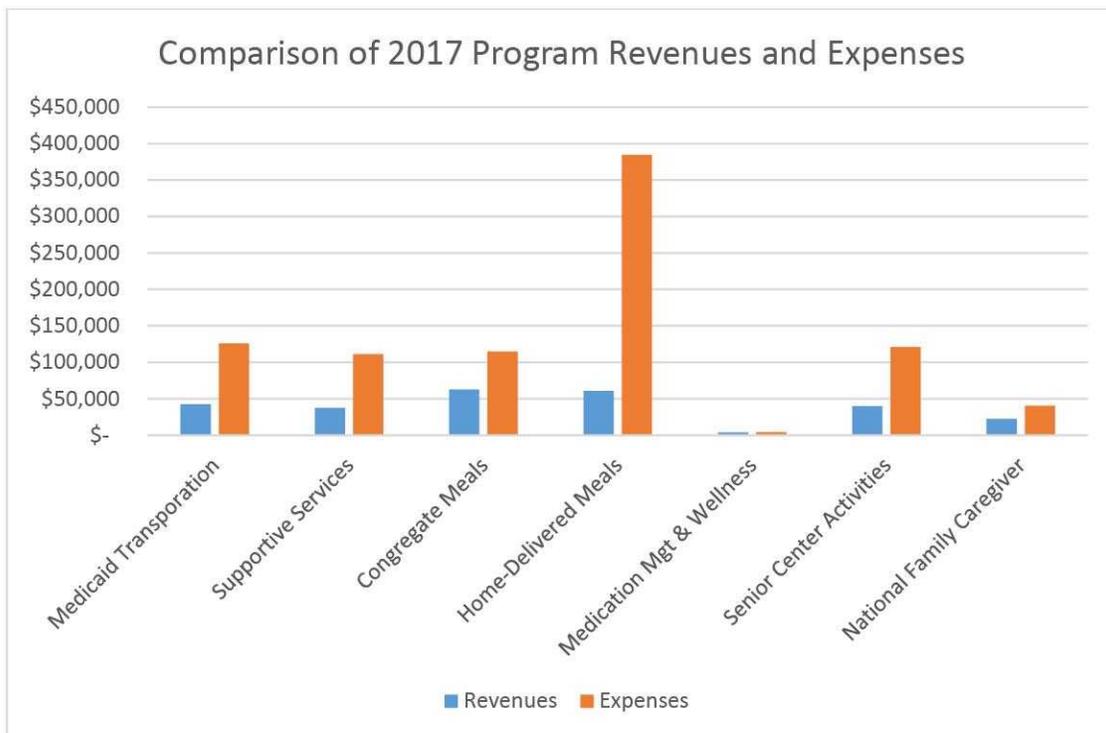
AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

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

In 2003, the Council began receiving monies from a sales tax passed for a term of ten years beginning October 2003. This sales tax was renewed in December, 2012, for another ten years. This revenue has decreased \$929,978 since a high of \$1,758,762 in 2012.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues represented only a small portion of revenues for the predominately rural area.

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are related to supportive services (which include among other services, transportation and recreation) and nutrition services represented by congregate and home delivered meals. The Council's main focus is to meet the needs of the elderly citizens of Sabine Parish. Demand for these services is high; therefore, resources are channeled to meeting the demand.



You will note that all of the governmental activities have more expenses than revenues. We expect this situation to occur and have prepared the Council's budgets for these activities with this in mind. As you will also note, not all program revenues are included in this chart. Other types of grant monies are available to assist in the cost of certain programs, for instance, PCOA monies are utilized with the C1

congregate meals and CII home delivered meal program for the cost of raw materials for meals served to the qualified individuals. This chart is only to demonstrate those revenues and expenses that have been either directly or indirectly allocated to these specific funds prior to transfers. Traditionally, once qualified transfers from all grant sources have been exhausted, sales tax revenues are used to cover the excess of expenses over revenues in these activities. For the year ended June 30, 2017, the Council transferred over \$533,245 of sales tax revenue to cover the deficits in these funds as compared to a transfer of \$550,346 for the year ended June 30, 2016.

Another indication of how we are using money and resources efficiently can be analyzed by calculating the percentage of administration in relation to total program expenses. Administrative expenses account for 9.83% of total expenses.

Finally, the Utility Assistance program has expenses of \$300 over revenues for the year. No indirect costs can be charged to this program because under the terms of the contract, the contributions given by the donor may only be used to pay for utility bills for certain needy people who meet the guidelines to receive assistance. In any given year, the amount of contributions received in this program may exceed the demand from qualified recipients.

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

Fund Balances

The Council showed a combined governmental fund balance of \$3,421,373 (as shown on the Fund Financial Statement's balance sheet on page 16) at the end of this year, which is an increase of \$66,155 versus last year. When you look at the funds individually, you will see that the Council's General Fund increased by \$66,455 this year and the Non Major Funds have a combined fund balance decrease of \$300.

Revenues

The combined fund revenues decreased \$10,036 this year versus last year, due in large part to the intergovernmental grants decrease.

Expenditures

Current total expenditures decreased by \$75,198 this year. A notable reason why this occurred is as follows:

- Decrease in capital expenditures of \$38,184
- Decrease in personnel/fringe benefits expenses of \$17,468
- Decrease in other Non Major Fund expenses of \$23,160

AN ANALYSIS OF THE GENERAL FUND BUDGET

Our GOEA budget was approved for the fiscal year ended June 30, 2017. You can find schedules of the original budget for the General Fund and each major fund in the Required Supplemental Information (Part II) section of this report on pages 35 to 37. When you review the budget versus actual schedule, you will note the favorable and unfavorable variances. In the General Fund, the non-cash van contribution from the Louisiana Department of Transportation is not included in the budget.

AN ANALYSIS OF CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of the year, the Council had \$2,358,236 in gross fixed assets and a net increase in accumulated depreciation of \$79,163. The current year capital outlays of \$32,567 included remodeling of the Legacy Building dining and reception areas, extension of the Toledo Center parking area, and installation of A/C compressors at the Legacy Building and Toledo Center. This resulted in a net decrease of \$46,596 in fixed assets over last year.

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Buildings and land	\$ 1,967,642	\$ 32,567	\$ 0	\$ 2,000,209
Furniture and equipment	47,854	0	0	47,854
Automotive Equipment	310,173	0	0	310,173
Total general fixed assets	<u>\$ 2,325,669</u>	<u>\$ 32,567</u>	<u>\$ 0</u>	<u>\$ 2,358,236</u>
Accumulated Depreciation				
Buildings and land	\$ 426,577	\$ 52,828	\$ 0	\$ 479,405
Furniture and equipment	29,596	1,991	0	31,587
Automotive equipment	238,363	24,344	0	262,707
Total accumulated depreciation	<u>\$ 694,536</u>	<u>\$ 79,163</u>	<u>\$ 0</u>	<u>\$ 773,699</u>
Total Net Assets	<u>\$ 1,631,133</u>	<u>\$(46,596)</u>	<u>\$ 0</u>	<u>\$ 1,584,537</u>

At the end of June 30, 2017, the Council had no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As in the past, the Council receives funding from federal and state agencies for specific programs. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. A large percentage of funding is presently coming from sales tax revenue. In setting the budget for fiscal year 2017-2018, it was important that we continue to deliver the same or an increased level of service to our clients and the public compared to what we did in 2016-2017. All of the Council's grants and contracts from the usual federal and state agencies have been approved FYE 2018. There were no significant changes from the Governor's Office of Elderly Affairs. However, sales tax revenues have leveled off after the large decreases in recent years because of the decrease in oil and gas activity in the area. Accordingly, we have set our initial budget to reflect the programs offered with the hope of an increase in the number of clients served next year.

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Jeff Morrow, the Council's Executive Director, at the Council's main office located at 200 Legacy Drive, Many, Louisiana, 71449, by phone at (318) 256-4140, or by email jmorrow@sabinecoa.org.

Johnson, Thomas & Cunningham

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sabine Council on Aging, Inc.
Many, Louisiana 71449

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sabine Council on Aging, Inc. (Council) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major funds, and the aggregate remaining fund information of the Sabine Council on Aging, Inc. as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The budgetary comparison schedules listed as required supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, reflected on page 42, to supplement the financial statements. The budgetary comparison schedules and the schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relates 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 basic financial statements or to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 14, 2017 on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

December 14, 2017
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
STATEMENT OF NET POSITION
June 30, 2017

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	\$ 1,029,751
Investments	2,378,180
Receivables	75,432
Prepaid expenses	8,392
Capital assets, net of accumulated depreciation	1,584,537
Utility deposits	520
Total Assets	\$ 5,076,812
LIABILITIES	
Current:	
Accounts payable	\$ 42,892
Accrued payroll liabilities	28,010
Total Liabilities	\$ 70,902
NET POSITION	
Net investment in capital assets	\$ 1,584,537
Restricted for:	
Utility assistance	12,985
Unrestricted	3,408,388
Total Net Position	\$ 5,005,910

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Direct Expenses</u>	<u>Indirect Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Change in Net Position</u>
			<u>Charges for services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:						
Health, Welfare & Social Services						
Supportive Services:						
Homemaker	\$ 50,594	\$ 26,610	\$ -	\$ 25,965	\$ -	\$ (51,239)
Information and assistance	10,590	5,570	-	5,435	-	(10,725)
Legal assistance	3,000	-	-	1,009	-	(1,991)
Outreach	2,805	1,475	-	1,439	-	(2,841)
Transportation	82,446	43,363	-	42,307	-	(83,502)
Other non-priority services	6,948	3,655	-	3,566	-	(7,037)
Nutrition Services:						
Congregate meals	91,288	23,526	-	62,565	-	(52,249)
Home delivered meals	304,805	79,580	-	60,569	-	(323,816)
Nutrition education	252	-	-	252	-	-
Preventive Health:						
Wellness	2,661	1,390	-	3,901	-	(150)
National family caregiver:						
In-home respite	36,027	490	-	20,319	-	(16,198)
Sitter service	995	12	-	560	-	(447)
Other services	1,865	986	-	1,586	-	(1,265)
Senior Center Activities	79,398	41,790	-	39,623	-	(81,565)
Other Senior Services	60,088	32,331	-	-	-	(92,419)
Utility assistance	1,380	-	-	1,080	-	(300)
Other Transportation	89,766	47,214	-	30,599	-	(106,381)
Administrative (AAA & General)	-	123,552	-	24,536	-	(99,016)
Total Governmental Activities	<u>\$ 824,908</u>	<u>\$ 431,544</u>	<u>\$ -</u>	<u>\$ 325,311</u>	<u>\$ -</u>	<u>(931,141)</u>
General revenues:						
Sales tax revenue						828,784
Grants not restricted to specific programs						99,777
Miscellaneous						3,198
Interest income						18,941
Total general revenues					<u>950,700</u>	
Increase of net position					19,559	
Net position, beginning					4,986,351	
Net position, ending					<u>\$ 5,005,910</u>	

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

FUND FINANCIAL STATEMENTS

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	<u>GENERAL</u>	<u>TITLE III-B</u>	<u>TITLE IIIC-2</u>	<u>NONMAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash	\$ 1,029,751	\$ -	\$ -	\$ -	\$ 1,029,751
Investments	2,378,180	-	-	-	2,378,180
Accounts receivable	75,432	-	-	-	75,432
Due from general fund	-	-	-	12,985	12,985
Prepaid expenses	8,392	-	-	-	8,392
Utilities deposit	520	-	-	-	520
Total Assets	<u>\$ 3,492,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,985</u>	<u>\$ 3,505,260</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 42,892	\$ -	\$ -	\$ -	\$ 42,892
Accrued payroll taxes	28,010	-	-	-	28,010
Due to other funds	12,985	-	-	-	12,985
Total Liabilities	<u>83,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,887</u>
Fund Balances					
Nonspendable:					
Utility deposits	520	-	-	-	520
Prepaid expense	8,392	-	-	-	8,392
Restricted for:					
Utility assistance	-	-	-	12,985	12,985
Unassigned	3,399,476	-	-	-	3,399,476
Total Fund Balances	<u>3,408,388</u>	<u>-</u>	<u>-</u>	<u>12,985</u>	<u>3,421,373</u>
Total Liabilities and Fund Balances	<u>\$ 3,492,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,985</u>	<u>\$ 3,505,260</u>

Reconciliation of Balance Sheet to Statement of Net Position:

Amounts reported for governmental activities in the statements of net position are different because

Balance Sheet—fund balances	\$ 3,421,373
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,584,537
Statement of Net Position	<u>\$ 5,005,910</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	<u>GENERAL</u>	<u>TITLE III-B</u>	<u>TITLE III-C-2</u>	<u>NONMAJOR FUNDS</u>	<u>TOTAL</u>
REVENUES					
Intergovernmental:					
Governor's Office of Elderly Affairs	\$ 22,904	\$ 76,630	\$ 57,125	\$ 172,947	\$ 329,606
NSIP Grant	-	-	47,465	-	47,465
Sales tax revenue	828,784	-	-	-	828,784
Public support	1,632	3,091	3,570	9,125	17,418
Interest income	18,941	-	-	-	18,941
Program service fees:					
Medicaid transportation	30,435	-	-	-	30,435
Other transportation	164	-	-	-	164
Miscellaneous	3,198	-	-	-	3,198
Total Revenues	<u>906,058</u>	<u>79,721</u>	<u>108,160</u>	<u>182,072</u>	<u>1,276,011</u>
EXPENDITURES					
Health, Welfare, & Social Services:					
Current:					
Personnel	142,632	128,502	102,480	132,624	506,238
Fringe benefits	15,699	14,143	11,280	14,593	55,715
Travel	681	14,065	70,145	2,721	87,612
Operating services	60,865	51,500	33,517	28,643	174,525
Operating supplies	23,165	17,229	4,891	11,899	57,184
Other costs	10,974	8,644	8,520	7,303	35,441
Direct costs (no indirect allocation)	19,775	3,000	1,260	37,333	61,368
Meals	-	-	152,386	45,440	197,826
Energy assistance	-	-	-	1,380	1,380
Capital outlays	32,567	-	-	-	32,567
Total Expenditures	<u>306,358</u>	<u>237,083</u>	<u>384,479</u>	<u>281,936</u>	<u>1,209,856</u>
Excess of revenues over(under) expenditures	<u>599,700</u>	<u>(157,362)</u>	<u>(276,319)</u>	<u>(99,864)</u>	<u>66,155</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	157,362	276,319	140,164	573,845
Operating transfers out	(533,245)	-	-	(40,600)	(573,845)
Total Other Financing Sources and Uses	<u>(533,245)</u>	<u>157,362</u>	<u>276,319</u>	<u>99,564</u>	<u>-</u>
Net increase(decrease) in fund balances	66,455	-	-	(300)	66,155
FUND BALANCES					
Beginning of year	3,341,933	-	-	13,285	3,355,218
End of year	<u>\$ 3,408,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,985</u>	<u>\$ 3,421,373</u>

Reconciliation of Statement of Revenues Expenditures, and Changes in Fund Balance to Statement of Activities:

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

Net increase in fund balances - total governmental funds \$ 66,155

Governmental funds report capital outlays as expenditures and the sales price of assets as revenue.

However in the statement of activities, the costs of these assets is allocated over their estimated useful lives and reported as depreciation expense and gain or loss on disposition of assets is recorded.

Capital outlays	32,567	
Depreciation	(79,163)	(46,596)
Increase of net position of governmental activities	\$ 19,559	

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Sabine 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. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the Governor's *Office of Elderly Affairs Audit Guide--Revision Effective for Fiscal Years Ending June 30, 2011* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

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 Sabine 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 and state; 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; to coordinate and monitor services of other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), and other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Specific services provided by the Council to the elderly residents of Sabine Parish include providing congregate and home delivered meals, nutritional education, caregiver assistance, information and assistance, outreach, material aid, utility assistance, homemaker services, recreation, legal assistance, medication management, public education, health promotion, in-home respite, sitter service, 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 that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. 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.

The Sabine Council on Aging is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations 44 years ago. A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Reporting Entity (continued):

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

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Sabine Council on Aging, Inc. is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in the statement, the Council has presented its financial statements as a special purpose, stand-alone government; accordingly, it is 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, whose purposes are to report individual major governmental funds and combined nonmajor 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 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 Financial Statements:

The government-wide financial statements include the Statement of Net Position 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 position resulting from the activities of the current fiscal year. Intergovernmental revenues primarily support governmental activities.

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

The Statement of Net Position 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 position, and unrestricted net position.

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. 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 indirect expenses 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."

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted grants, interest income, and miscellaneous revenues that are not included among program revenues are reported instead as general revenues in this statement. 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. The Council did not have any material special items this year.

Fund Financial Statements:

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

The daily accounts and operations of the Council continue to be organized using funds. 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 for with a separate set of self-balancing accounts that comprise 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, or the fund is determined to be particularly important to financial statement users and should be reported as a major fund. The nonmajor funds are summarized 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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation of the Basic Financial Statements: (continued)

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

General Fund

The general fund is the primary operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund. 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. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues. In addition, capital outlay expenditures are usually made with local funds to minimize restrictions on the use and disposition of fixed assets.

The **Title III C Area Agency Administration** funds are used to subsidize the costs of administering the Council's special programs for the aging. This fiscal year GOEA granted the Council \$22,904 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 administrative indirect 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.

Audit Funding. Each year GOEA provides funds to subsidize the cost of the Council's annual audit. No audit funds FY 2017 were received to help pay for the cost of the audit, which was \$11,850 and is allocated as an indirect expense in the funds.

Transportation Program Services--Non-elderly. The Council provides various transportation services to the residents of Sabine Parish who are not 60 years old for a fee. These program service fees (\$164 for FY 2017) and their related costs are accounted for within the "Nonelderly Transportation" program of the General fund. In contrast, transportation services provided to residents who are at least 60 years old are accounted for in the "Elderly Transportation" program of the Title III B Fund.

Medicaid Services. The Council provides transports to certified Medicaid participants for medical treatments to and from the medical facilities. The Council is reimbursed based on mileage by the Department of Health and Hospitals (DHH). During the year the Council provided 1,512 units (trips) for participants in this program, which generated (\$30,435) of program service fees.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures 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. 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 nonmajor governmental fund:

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation of the Basic Financial Statements: (continued)

Major Governmental Funds

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

	Units
Information and assistance	613
Legal assistance	53
Homemaker	2,142
Material aid	541
Outreach	183
Recreation	17,223
Transportation	4,961
Public education	293

There are two main sources of revenues that form the basis of this fund as follows:

- A grant from GOEA for Special Programs for the Aging, Title III, Part B--Grants for Supportive Services Supportive Services and Senior Centers (\$76,630).
- Restricted, voluntary public support (\$3,091) from persons who actually received homemaker and transportation services.

The **Title III C-2 Fund** is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year, the Council provided 46,914 home-delivered meals.

There were three main sources of revenues received this year that form the basis of this fund:

- A grant from GOEA for special Programs for the Aging, Title III, Part C-2, Nutrition Services (\$57,125).
- Nutrition Services Incentive Program (NSIP) funds (\$47,465) provided by GOEA to supplement the home-delivered meals program.
- Restricted, voluntary public support (\$3,570) from those persons who received the home-delivered meals.

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. Beginning October 1, 2000, GOEA began distributing NSIP funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils.

The primary purpose of the NSIP reimbursement is to provide money to the Council so that United States food and commodities may be purchased to supplement nutrition programs.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation of the Basic Financial Statements: (continued)

Non-Major Governmental Funds

The **Title III C-1 Fund** is used to account for funds that are used to provide nutritional, congregate meals to the people age 60 or older in strategically located centers throughout Sabine Parish. The Council maintains meal sites in the Many, Converse, Florien and Toledo Town areas. During the year the Council provided 14,168 meals and 101 units of nutrition education to people eligible to participate in this program.

There were two main sources of revenues received this year that form the basis of this fund:

- A grant from GOEA for Special Programs for the Aging, Title III, Part C-1, Nutrition Services (\$54,646).
- Restricted, voluntary public support (\$8,045) from those persons who received congregate meals.

The **Title III D Fund** accounts for funds used for wellness, which include disease prevention and health promotion activities. During the year 2,441 units of wellness services were provided to eligible participants in this program. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA of \$3,901 for Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services.

The **Title III E Fund** is used to account for National Family Caregiver Support Program (NFCSP) funds used to provide a multi-faceted system of support services for family caregivers and for grandparents or older individuals who are relative caregivers. NFCSP Caregiver Services include (1) information about services/education, (2) assistance with access to services, (3) counseling/support groups, (4) respite care, and (5) supplemental services including material aid, and sitter services. During the year 1,762 units of service were provided. The main source of the revenue forming the basis for this fund is a grant for \$22,465 the Council received from GOEA for the Title III, Part E, National Family Caregivers Support Program.

The **Senior Center and Supplemental Senior Center** funds are also appropriated annually for the Council and remitted to the Council via GOEA. These grant funds can be used at management's discretion to pay for costs of any program involving elderly persons who are at least 60 years old. To obtain supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community, the elderly person will come to a "senior center." The Council maintains senior centers in Many, Converse, Florien, and Toledo Town. During the fiscal year, management used all of its grant revenue from the Senior Center (\$39,623) to fund senior center activities, and Supplemental Senior Center (\$3,100) was transferred to the Title III C-1 Fund to subsidize the operating costs of that fund's program services.

PCOA funds are appropriated annually for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council's management may use these "Act 735" funds at its discretion to fund any of its programs provided the program is benefiting elderly people (those who are at least 60 years of age). In FY 2017, the Council received this grant money into its General Fund and management transferred all (\$37,500) of the PCOA funds to the Title III C-2 Home-delivered meals to help pay for that fund's program expenditures.

The **Energy Assistance Fund** is used to account for the administration of utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds. The Council receives its Project Care donations directly from CLECO Corporation. During the year, the Council was able to provide \$1,380 to assist people with paying their utility bills.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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" revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements.

Accrual Basis – Government-Wide Financial Statements. The Statement of Net Position 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.

Modified Accrual Basis – Fund Financial Statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund level financial statements 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. For this purpose, The Council considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation is a cost 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. All other interfund transactions are treated as transfers. 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.

F. Cash:

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions. For the purposes of the Statement of Net Position, 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. At year end, the line item "Cash" on the Statement of Net Position is comprised of restricted cash of \$12,985 and unrestricted cash of \$1,016,766. The Council has presented restricted cash as a component of current assets in the Statement of Net Position because it is available for use in current operations.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Investments:

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

H. Prepaid Expenses:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets:

The accounting and reporting treatment used for 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 that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Position. 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 expenses 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 estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	25-40 years
Equipment	5-7 years
Vehicles	5 years
Computers	3 years

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

Fund Financial Statements. In the fund financial statement, 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.

J. Non-Current (Long-term) Liabilities:

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented elsewhere in these statements. The Council did not have any non-current liabilities at year end.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Compensated Absences:

The Council's policies for vacation time permit employees to accumulate earned but unused vacation leave up to twelve days. Accordingly, a liability for the unpaid vacation leave has been recorded. Management has estimated this liability to be current based on historical trends and therefore is recorded as a payroll payable. 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 fiscal year. An amount is added to this total for Social Security and Medicare taxes. 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.

L. Net Position in the Government-wide Financial Statements:

In the government-wide financial statements, equity (the difference between assets and liabilities) is classified as net position and is reported in three components:

- a. Net investment in capital assets--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.
- b. Restricted net position--Consists of net position with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position--Consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the event that the Council, for the same function or purpose, received restricted and unrestricted monies, the policy is to first apply restricted resources when an expenditure is incurred. However, management will depart from its usual policy by using unrestricted funds in the Council's nutrition programs before consuming unspent NSIP funds, which is a restricted type revenue. The reason management will take this action is because certain unrestricted funds will have to be returned to GOEA if not consumed by June 30, whereas unconsumed NSIP funds are allowed by GOEA to be carried over and used in a subsequent year.

M. Fund Equity in the Fund Financial Statements:

Governmental fund equity is classified as fund balance. As required by GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, this statement provides 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 purpose for which resources can be used:

- 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 begin nonspendable as this item is not expected to be converted to cash.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Equity in the Fund Financial Statements: (continued)

- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Management has classified \$12,985 of the fund balance for the energy assistance special revenue fund as being restricted due to the constraints placed on the use of the money contributed by the general public and CLECO.
- **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.
- **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 either the Council's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes.
- **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 multiple classifications, the Council would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

N. 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.

O. Management's Use of Estimates:

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

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Elimination and Reclassifications:

In the process of aggregating data for the Statement of Net Position 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.

Q. Income Tax Status

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

The Council does file a Form 990. The Council's Forms 990, *Return of Organization Exempt from Income Tax*, is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Council management believes it is no longer subject to income tax examinations for periods ending prior to July 1, 2013, generally for three years after they are filed.

2. REVENUE RECOGNITION

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

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

3. CASH MANAGEMENT, DEPOSITS AND INVESTMENTS

Cash:

At June 30, 2017, the Council has cash (book balances) totaling \$1,029,751, as follows:

Petty Cash	\$	150
Demand Deposits		<u>1,029,601</u>
	\$	<u><u>1,029,751</u></u>

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

3. CASH MANAGEMENT, DEPOSITS AND INVESTMENTS (continued)

Investments:

At June 30, 2017, the Council has the following investments and maturities:

Investment	Maturity	Fair Value
Certificate of Deposit	1/28/2018	\$ 259,538
Certificate of Deposit	8/31/2017	306,925
Certificate of Deposit	9/17/2018	259,013
Certificate of Deposit	9/17/2018	257,817
Certificate of Deposit	11/13/2017	234,876
Certificate of Deposit	11/13/2017	234,877
Certificate of Deposit	2/3/2018	257,415
Certificate of Deposit	2/28/2018	306,730
Certificate of Deposit	6/24/2018	260,989
Totals		<u>\$ 2,378,180</u>

Investment valuation. Certificates of deposit are stated at cost, which approximates market.

The cash and investments of the Sabine Council on Aging, Inc. are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Council will not be able to recover its deposits. 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, the Council's policy is to follow state law in an effort to minimize risks. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Council that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Council's name.

At year end, the Council had collected bank balances of \$3,467,907 which were protected by \$1,000,000 federal depository insurance and pledged securities with a market value of \$3,326,184 held by the custodial banks in the name of the Council. Therefore, the Council was fully collateralized and in compliance with R.S. 29:1225 which states the amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit except that portion of the deposits insured by any governmental agency insuring bank deposits.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Council does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Council's certificate of deposits have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

4. ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2017, consists of the following:

Program	Fund	Provider	Amount
Administration	General	Sales Tax	\$ 74,943
Accrued interest	General	Investments	489
Total			\$ 75,432

The Council considers the receivables fully collectible; therefore no allowance for uncollectibles is recorded.

5. CAPITAL ASSETS

A summary of changes in capital assets and related accumulated depreciation are as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Land	\$ 149,948	\$ -	\$ -	\$ 149,948
Buildings	1,817,694	32,567	-	1,850,261
Construction in Progress	-	-	-	-
Furniture and equipment	47,854	-	-	47,854
Automotive equipment	310,173	-	-	310,173
Total general fixed assets	\$ 2,325,669	\$ 32,567	\$ -	\$ 2,358,236
Accumulated Depreciation				
Buildings	\$ 426,577	\$ 52,828	\$ -	\$ 479,405
Furniture and equipment	29,596	1,991	-	31,587
Automotive equipment	238,363	24,344	-	262,707
Total accumulated depreciation	\$ 694,536	\$ 79,163	\$ -	\$ 773,699
Total Net Assets	\$ 1,631,133	\$ (46,596)	\$ -	\$ 1,584,537

Depreciation expense of \$79,163 was charged to the Indirect Administrative function on the government-wide Statement of Activities.

The Council's management has reviewed the capital assets and does not believe any of them are impaired. None of the above amounts include any donated assets.

6. INTERFUND RECEIVABLES AND PAYABLES

Because the Council operates most of its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans in the Fund Financial Statements. A summary of these interfund loans at year end is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 12,985
Special Revenue Funds	12,985	-
	\$ 12,985	\$ 12,985

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

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

7. 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 travel policy when traveling on behalf of the Council.

8. SALES TAX REVENUE

The Sabine Council on Aging, Inc. acting through the Policy Jury of Sabine Parish levies a one-fourth of one percent (1/4%) sales and use tax. This is a tax for ten years beginning October 1, 2013. The sales tax revenue is to provide funds for administering, acquiring, constructing, improving, maintaining, supporting and operating authorized activities, services, programs, and/or facilities for the council. The revenue recognized for the year ended June 30, 2017, is \$828,784.

9. IN-KIND CONTRIBUTIONS

The Council received \$56,100 in various in-kind contributions during the year, which have been valued at their estimated fair market value. The in-kind activities have been omitted from the Council's financial statements. The primary in-kind contributions consisted of labor and related costs, rent, materials and activities related to health fairs, fundraisers and the meal-site facilities. A summary of the in-kind contributions and their respective values is as follows:

Salary and fringe benefits	\$ 29,600
Operating supplies	10,000
Other	16,500
Total in-kind	<u>\$ 56,100</u>

10. 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 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 collectability of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

11. RELATED PARTY TRANSACTIONS

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2017.

12. ECONOMIC DEPENDENCY

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

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

13. RISK MANAGEMENT

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

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of nature, like floods or earthquakes. The Council's management is not aware of any potential judgments, claims or similar contingencies pending at year end.

14. INTERFUND TRANSFERS

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

	Operating Transfers	
	In From	Out To
General Fund:		
Title III B Fund	\$ -	\$ 157,362
Title III C-1 Fund	-	49,151
Title III C-2 Fund	-	238,819
PCOA/Senior Center		69,853
Title III D	-	148
Title III E	-	17,912
Total General Fund	\$ -	\$ 533,245
PCOA/Senior Center		
Title III C-1 Fund	\$ -	\$ 3,100
Title III C-2 Fund		37,500
General Fund- sales tax	69,853	
Total PCOA/Senior Center	\$ 69,853	\$ 40,600
Title III B Fund:		
General Fund- sales tax	\$ 157,362	\$ -
Title III C-1 Fund		
General Fund- sales tax	\$ 49,151	\$ -
General Fund- Supple Sr Center grant	3,100	-
Total III C-1 Fund	\$ 52,251	\$ -
Title III C-2 Fund		
General Fund- sales tax	\$ 238,819	\$ -
General Fund - PCOA grant	37,500	-
Total III C-2 Fund	\$ 276,319	\$ -
Other Non major funds in the aggregate:		
Title III D	148	
Title III E	\$ 17,912	\$ -
Total other non major funds to aggregate	\$ 18,060	\$ -
Grand Totals	\$ 573,845	\$ 573,845

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2017

14. INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them, to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 14, 2017, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
BUDGETARY COMPARISON SCHEDULE
General Fund
For the Year Ended June 30, 2017

	BUDGET AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
Area Agency Administration	\$ 22,904	\$ 22,904	\$ 22,904	\$ -
LaDOT Grant			-	-
Sales tax revenue	820,000	820,000	828,784	8,784
Public support	1,200	1,200	1,632	432
Interest income	15,200	18,900	18,941	41
Program service fees:				
Medicaid transportation	12,000	28,000	30,435	2,435
Special Revenue	1,800	1,800	164	(1,636)
Miscellaneous	2,325	2,325	3,198	873
Total Revenues	<u>875,429</u>	<u>895,129</u>	<u>906,058</u>	<u>10,929</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Personnel	158,474	141,764	142,632	(868)
Fringe benefits	17,418	15,935	15,699	236
Travel	879	820	681	139
Operating services	61,395	58,314	60,865	(2,551)
Operating supplies	25,001	24,971	23,165	1,806
Other costs	10,528	10,599	10,974	(375)
Direct costs (no indirect allocation)	29,360	29,860	19,775	10,085
Capital outlays	8,752	32,000	32,567	(567)
Total Expenditures	<u>311,807</u>	<u>314,263</u>	<u>306,358</u>	<u>7,905</u>
Excess of revenues over (under) expenditures	<u>563,622</u>	<u>580,866</u>	<u>599,700</u>	<u>18,834</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(566,181)	(532,213)	(533,245)	(1,032)
Total Other Financing Sources and Uses	<u>(566,181)</u>	<u>(532,213)</u>	<u>(533,245)</u>	<u>(1,032)</u>
Net increase(decrease) in fund balances	(2,559)	48,653	66,455	17,802
FUND BALANCES				
Beginning of year	3,341,933	3,341,933	3,341,933	-
End of year	<u>\$ 3,339,374</u>	<u>\$ 3,390,586</u>	<u>\$ 3,408,388</u>	<u>\$ 17,802</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
BUDGETARY COMPARISON SCHEDULE
TITLE III B Supportive Services
For the Year Ended June 30, 2017

	BUDGET AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:	\$ 76,630	\$ 76,630	\$ 76,630	\$ -
Public support	3,700	3,700	3,091	(609)
Total Revenues	<u>80,330</u>	<u>80,330</u>	<u>79,721</u>	<u>(609)</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Personnel	134,940	129,183	128,502	681
Fringe benefits	14,832	14,516	14,143	373
Travel	16,489	15,275	14,065	1,210
Operating services	50,459	49,290	51,500	(2,210)
Operating supplies	17,924	18,009	17,229	780
Other costs	7,995	8,355	8,644	(289)
Direct costs (no indirect allocation)	3,000	3,000	3,000	-
Total Expenditures	<u>245,639</u>	<u>237,628</u>	<u>237,083</u>	<u>545</u>
Excess of revenues over (under) expenditures	<u>(165,309)</u>	<u>(157,298)</u>	<u>(157,362)</u>	<u>(64)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	165,309	157,298	157,362	64
Operating transfers out	-	-	-	-
Total Other Financing Sources and Uses	<u>165,309</u>	<u>157,298</u>	<u>157,362</u>	<u>64</u>
Net increase(decrease) in fund balances	-	-	-	-
FUND BALANCES				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
BUDGETARY COMPARISON SCHEDULE
TITLE III C-2 Home Delivered Meals
For the Year Ended June 30, 2017

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:	\$ 57,125	\$ 57,125	\$ 57,125	\$ -
NSIP Grant	47,465	47,465	47,465	-
Public support	<u>5,000</u>	<u>5,000</u>	<u>3,570</u>	<u>(1,430)</u>
Total Revenues	<u>109,590</u>	<u>109,590</u>	<u>108,160</u>	<u>(1,430)</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Personnel	109,436	99,628	102,480	(2,852)
Fringe benefits	12,028	11,195	11,280	(85)
Travel	65,779	69,002	70,145	(1,143)
Operating services	34,162	32,896	33,517	(621)
Operating supplies	4,760	4,835	4,891	(56)
Other costs	7,706	8,033	8,520	(487)
Direct costs (no indirect allocation)	-	-	1,260	(1,260)
Meals	<u>155,490</u>	<u>155,490</u>	<u>152,386</u>	<u>3,104</u>
Total Expenditures	<u>389,361</u>	<u>381,079</u>	<u>384,479</u>	<u>(1,047)</u>
Excess of revenues over (under) expenditures	<u>(279,771)</u>	<u>(271,489)</u>	<u>(276,319)</u>	<u>(2,477)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	279,771	271,489	276,319	4,830
Operating transfers out	-	-	-	-
Total Other Financing Sources and Uses	<u>279,771</u>	<u>271,489</u>	<u>276,319</u>	<u>4,830</u>
Net increase(decrease) in fund balances	-	-	-	-
FUND BALANCES				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the year ended June 30, 2017

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 "nonmajor" 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 GOEA notifies the Council each year as to the funding levels for each program's grant award.
- Revenue projections are also made based on grants from GOEA and other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information regarding projected revenues and expenditures has been obtained, the Council's executive director prepares a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing
- After the public meeting, the Board of Directors reviews and adopts the budget for the next fiscal year prior to the commencement of the fiscal year for which the budget is being adopted.
- The adopted budget is forwarded to the GOEA for compliance approval for the funds.
- The budget is prepared on the modified accrual basis, consistent with the basis of accounting for governmental funds, for comparability of budgeted and actual revenues and expenditures.
- During the fiscal year, the board of directors amend the budget as needed.
- Actual amounts are compared to budgeted amounts during the fiscal year as a management control device.
- GOEA requires management to amend the budget in cases where actual expenditures for a particular line item exceed their budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Appropriations that are not expended lapse at year end.

Through the budget, the SCOA allocates its resources and establishes its priorities. That annual budget assures the efficient and effective uses of the Council's economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the Council's performance.

OTHER SUPPLEMENTAL INFORMATION

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS -- NONMAJOR FUNDS
For the Year Ended June 30, 2017

	<u>TITLE III-D</u>	<u>TITLE III-E</u>	<u>TITLE C-1</u>	<u>PCOA/ Senior Center</u>	<u>Energy Assistance</u>	<u>TOTAL</u>
REVENUES						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 3,901	\$ 22,465	\$ 54,646	\$ 91,935	\$ -	\$ 172,947
Public Support	-	-	8,045	-	-	8,045
General Public via Utility Co. Program	-	-	-	-	1,080	1,080
Total Revenues	<u>3,901</u>	<u>22,465</u>	<u>62,691</u>	<u>91,935</u>	<u>1,080</u>	<u>182,072</u>
EXPENDITURES						
Health, Welfare, & Social Services:						
Current:						
Personnel	2,481	2,735	46,657	80,751	-	132,624
Fringe benefits	271	300	5,134	8,888	-	14,593
Travel	-	-	855	1,866	-	2,721
Operating services	576	619	10,093	17,355	-	28,643
Operating supplies	573	491	2,983	7,852	-	11,899
Other costs	148	159	2,520	4,476	-	7,303
Direct costs (no indirect allocation)	-	36,073	1,260	-	-	37,333
Meals	-	-	45,440	-	-	45,440
Energy Assistance	-	-	-	-	1,380	1,380
Total Expenditures	<u>4,049</u>	<u>40,377</u>	<u>114,942</u>	<u>121,188</u>	<u>1,380</u>	<u>281,936</u>
Excess of revenues over (under) expenditures	<u>(148)</u>	<u>(17,912)</u>	<u>(52,251)</u>	<u>(29,253)</u>	<u>(300)</u>	<u>(99,864)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	148	17,912	52,251	69,853	-	140,164
Operating transfers out	-	-	-	(40,600)	-	(40,600)
Total Other Financing Sources and Uses	<u>148</u>	<u>17,912</u>	<u>52,251</u>	<u>29,253</u>	<u>-</u>	<u>99,564</u>
Net increase(decrease) in fund balances	-	-	-	-	(300)	(300)
FUND BALANCES						
Beginning of year	-	-	-	-	13,285	13,285
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,985</u>	<u>\$ 12,985</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report

SABINE COUNCIL ON AGING, INC.
Many, Louisiana

COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS AND CHANGES IN GENERAL FIXED ASSETS

For the Year Ended June 30, 2017

	Balance <u>June 30, 2016</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>June 30, 2017</u>
General Fixed Assets at cost:				
Buildings and land	\$ 1,967,642	\$ 32,567	\$ -	\$ 2,000,209
Construction in progress	-	-	-	-
Furniture and equipment	47,854	-	-	47,854
Automotive equipment	310,173	-	-	310,173
Total General Fixed Assets	<u>2,325,669</u>	<u>32,567</u>	<u>-</u>	<u>2,358,236</u>
Total Capital Assets	<u>\$ 2,325,669</u>	<u>\$ 32,567</u>	<u>\$ -</u>	<u>\$ 2,358,236</u>
Investment in General Fixed Assets				
Property Acquired from:				
PCOA (Act 735)	\$ 31,549	\$ -	\$ -	\$ 31,549
General Funds	2,102,338	32,567	-	2,134,905
Prior to 1999 - AAA, IIIB, CI, CII, IIID, OMB, IIIF, and Waiver	1,150	-	-	1,150
Misc. Grants	190,632	-	-	190,632
Total Investments in General Fixed Assets	<u>\$ 2,325,669</u>	<u>\$ 32,567</u>	<u>\$ -</u>	<u>\$ 2,358,236</u>

The accompanying notes are an integral part of this statement.
See the accompanying independent auditor's report.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER BENEFITS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 For the Year Ended June 30, 2017

Tammy Mangum, Executive Director

Purpose		
Salary	\$	58,193
Benefits - Insurance (Medicare)		844
Benefits - Retirement (Social Security)		3,608
Benefits - Other		-
Car Allowance		-
Per diem		-
Reimbursements		681
Travel		-
Registration fees		-
Conference travel		-
Training		314
Unvouched expenses		-
Special meals		-
Total	<u>\$</u>	<u>63,640</u>

The accompanying notes are an integral part of this statement.
 See the accompanying independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
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INDEPENDENT AUDITOR'S 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 of
Sabine Council on Aging, Inc.
Many, Louisiana 71449

We have audited, in accordance with the 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Sabine Council on Aging's (Council) basic financial statements and have issued our report thereon dated December 14, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did not identify any deficiency in internal control that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.


Johnson, Thomas & Cunningham, CPA's

December 14, 2017
Natchitoches, Louisiana

Sabine Council on Aging, Inc.
Schedule of Audit Findings
Year Ended June 30, 2017

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Sabine Council on Aging, Inc. as of and for the year ended June 30, 2017.
2. The audit disclosed no significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None.

III. PRIOR YEAR FINDINGS

2016-01 Audit Law Violation

Condition – The Council filed its financial statements after the state law mandated due date.

Status—At June 30, 2017, this condition has cleared.

2016-02 Ethics Education Requirement Violation

Condition – The employees of the Sabine Council on Aging, Inc. did not complete the required training on the Code of Governmental Ethics.

Status—At June 30, 2017, this condition has cleared.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Board of Directors of
Sabine Council on Aging, Inc.
Many, Louisiana 71449

We have performed the procedures enumerated below, which were specified and agreed to by the Board of Directors of Sabine Council on Aging, Inc. to assist the agency in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended June 30, 2017. We are required to perform each procedure and report the results, including any exceptions. Sabine Council on Aging is responsible for internal controls and compliance with laws and regulations relative to the SAUPs and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of Sabine Council on Aging, Inc. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are enumerated below.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or noted that the entity does not have any written policies and procedures), as applicable:

- **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address the functions noted above.

- **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Council has procedures in place concerning purchases that address the functions noted above; however, these policies and procedures are not in writing.

- **Disbursements**, including processing, reviewing, and approving

The Council has procedures in place concerning disbursements that address the functions noted above; however, these policies and procedures are not in writing.

- **Receipts**, including receiving, recording, and preparing deposits

Written policies and procedures were obtained and address the functions noted above as they pertain to contributions; however, there are no written policies and procedures regarding other receipts that address the functions noted above.

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures were obtained and address the functions noted above.

- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The Council has no written policies and procedures concerning contracting.

- **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Written policies and procedures were obtained and address the functions noted above.

- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Written policies and procedures were obtained and address the functions noted above.

- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and address the functions noted above.

- **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

This section is not applicable, as the Council has no outstanding debt.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

We obtained the Council's board minutes for the year, noting the board met in accordance with their policies, without exception.

- Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Budget-to-actual financial statements are presented at each board meeting.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Deficit spending during the fiscal period is eliminated by the transfer of sales tax revenue.

- Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

We noted the minutes included non-budgetary financial information in each meeting (i.e., approval of contracts and disbursements).

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We were provided with the listing by management.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- Bank reconciliations have been prepared;

The Council has five bank accounts. We obtained bank statements and reconciliations for all months in the fiscal period, noting that reconciliations have been prepared for all months, without exception.

- Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

The bank reconciliations obtained did not contain evidence that management reviewed the bank reconciliations.

- If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No exceptions noted.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided the listing as requested.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

- Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Management provided the documentation for the selected locations. No exceptions were noted.

- Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Management provided the system reports and reconciliation worksheets. Cash collections are reconciled to the general ledger by a person who is not responsible for cash collections. No exceptions were noted.

- Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Management provided the required documentation for the selected deposits. The Council does not have set procedures that allow deposits to be made within one day. They typically deposit meal site donations on a weekly basis and transportation donations on a monthly basis (due to the small amount of daily collections), with money being kept in a lock box in the Office Manager's office until deposited.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Collection documentation was obtained and no exceptions were noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Management has no written procedures for collections which address the process to determine completeness of collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained the general ledger and sorted for disbursements. We obtained management's representation that the general ledger population was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

All purchase disbursements in the selection were initiated using a purchase order system. Included in the selection were recurring routine transactions that did not require purchase orders based on the Council's policies and procedures.

- Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Each selection showed evidence of approval by a person who did not initiate the purchase, without exception.

- Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

All appropriate documentation was provided for each applicable selection, without exception.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

No exceptions noted.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Not applicable – no signature stamps or machines are in use at the Council.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the required listing and represented that the listing was complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Monthly statements were obtained and invoices were approved by someone other than the authorized card holder.

- Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges or fees were noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- For each transaction, we report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

Original receipts were provided for each transaction selected.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

- For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We noted no exceptions in the selected transactions.

- For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We noted no exceptions in the selected transactions.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We compiled the listing of travel reimbursements from the general ledger. Management represented that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained. No amounts listed exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

We noted no exceptions with the Council's written policies in the selected transactions.

- Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

All travel expenses in the selection were for mileage only.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

We noted all required documentation was provided with each of the selected transactions, without exception.

- Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We noted no exceptions in the selected transactions.

- Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested listing and representation.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Formal/written contracts were provided to support the selected services arrangements and the amounts paid, without exception.

- Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No noncompliance noted.

- Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

We noted no amendments to the contracts selected.

- Selected the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

- Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Pay rate increases were approved by the Board and noted in the minutes.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All of the 25 employees selected documented their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Supervisory approvals were noted on all selections, without exception.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We observed the written leave records maintained for all employees, without exception.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and

obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Only one employee terminated during the fiscal period. Termination payments for this employee were made in accordance with the Council's policies.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Per inquiry of management, there were no alleged ethics violations reported to the Council during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable – No debt was issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Council had no outstanding debt during the fiscal period.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report whether any millages continue to be received for debt that has been paid off.

The Council had no tax millages related to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, we obtain/review supporting documentation and report whether the entity reported the

misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Per discussion with the management, there were no funds or assets misappropriated during the period.

32. We observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We viewed the notice required by R.S. 24:523.1 posted on the Council's premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Not applicable – no exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Sabine Council on Aging, Inc. and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully,

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

December 14, 2017
Natchitoches, Louisiana

SABINE COUNCIL ON AGING, INC.
Management's Response to Exceptions to
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2017

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 1: The Council will expand its current policies and procedures handbook to include the following:

Purchasing – to include the functions of how purchases are initiated, how vendors are added to the vendor list, preparation and approval process of purchase orders, controls to ensure compliance with the Public Bid Law, and required documentation for bids and price quoted.

Disbursements – to include the functions of processing, reviewing, and approving.

Receipts – to include the functions of receiving, recording, and preparing deposits.

Contracting – to include the functions of the types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process.

Item 4: The Council will implement procedures to ensure that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.

Item 6: The Council does not feel it necessary to make daily deposits of the small donations for meals and transportation rides. The Council will continue to monitor its controls and procedures to ensure the safeguarding of the funds from the date of collection until deposit.