

SABINE COUNCIL ON AGING, INC.
Many, Louisiana

FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Table of Contents

	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report		3-4
<u>Required Supplemental Information (Part I)</u>		
Management's Discussion and Analysis		6-12
<u>Basic Financial Statements:</u>		
<u>Government-Wide Financial Statements:</u>		
Statement of Net Position	A	15
Statement of Activities	B	16
<u>Fund Financial Statements:</u>		
Balance Sheet-Governmental Funds	C	18
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	D	19
<u>Notes to the Financial Statements:</u>		
Notes to the Financial Statements		21-36
<u>Required Supplemental Information (Part II):</u>		
Budgetary Comparison Schedule – General Fund	1	38
Budgetary Comparison Schedule – Title III B Supportive Services	2	39
Budgetary Comparison Schedule – Title III C-2 Home Delivered Meals	3	40
Budgetary Comparison Schedule – Title III C-1 Congregate Meals	4	41
Notes to Required Supplemental Information		42
<u>Supplementary Financial Information Required by GOEA:</u>		
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds- Nonmajor Funds	5	44
Comparative Schedule of General Fixed Assets and Changes in General Fixed Assets	6	45

Table of Contents (Continued)

Schedule

Page

Other Reports Required by *Government Auditing Standards*:

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 <i>Government Auditing Standards</i>	47-48
---	-------

Audit Findings

Schedule of Findings and Responses	50-51
Schedule of Prior Year Findings	52

Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate nonmajor governmental funds of the Sabine Council on Aging, Inc. as of and for the year ended June 30, 2013, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate nonmajor governmental funds of the Sabine Council on Aging, Inc., as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 6 through 12 and the budgetary comparison statements on pages 38 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, 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. I have applied certain limited procedures to the required supplementary information 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sabine Council of Aging, Inc.'s basic financial statements as a whole. The supplementary financial information consisting of the combining nonmajor fund financial information and a general fixed asset schedule on pages 44 and 45 is required by the Governor's Office of Elderly Affairs, State of Louisiana.

The supplementary financial information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 27, 2013, on my consideration of the Sabine Council on Aging, Inc.'s internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Mansfield, Louisiana
November 27, 2013

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2013

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, 2013. 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 \$203,879 (6.84%) to \$3,183,347 compared to an increase of \$1,012,224 (51.45%) and an increase of \$1,102,693 (127.55%) as of June 30, 2012 and 2011, respectively.
- Sales tax revenue decreased \$792,430 (45.06%) to \$966,332 during the year ended June 30, 2013, compared to increases of \$55,573 (3.26%) and \$764,457 (81.44%) during the years ended June 30, 2012 and 2011, respectively.
- The Council had an excess of revenues over expenses of \$293,886 for year ended June 30, 2013, compared to \$1,048,650 and \$1,070,729 for years ended June 30, 2012 and 2011, respectively.
- During the current year, expenses increased \$16,206 which is a 1.43% increase from last year.
- The Council had no long-term debt at years ending June 30, 2013, 2012, or 2011.

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 15 and 16) 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 18. 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 her independent auditor's report, located immediately before this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance about Supplementary Financial Information Required by GASB Statement 34 and Supplementary Financial Information Required by GOEA that follow later in this reporting package. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS

Our analysis of the Council as a whole begins on page 15. 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 18. The Fund Financial Statements can be found on pages 18 to 19 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 expenditure for specified purposes. By using separate funds to track revenues and expenditures, we can control and manage funds for particular purposes or we can show that the fund is meeting legal responsibilities for using certain grants and other money.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *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 21 to 36. You should read the notes before making assumptions or drawing conclusions about the Council's financial conditions.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final appropriated budgets to actual budget results for the

Council's fiscal year. We have also opted to present positive and negative variances between the final budget and actual amounts.

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

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

OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

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 44 to 45. This information will be used by GOEA to verify the accuracy of information the Council submitted to it during the year and to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

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

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

	Governmental Activities		
	2013	2012	2011
Current and other assets	\$ 3,216,683	\$ 3,036,609	\$ 2,018,134
Capital assets, net of depreciation	1,710,999	1,621,532	1,585,543
Total Assets	\$ 4,927,682	\$ 4,658,141	\$ 3,603,677
Total current liabilities	\$ 20,906	\$ 45,251	\$ 39,435
Net Position:			
Net investment in capital assets	\$ 1,710,999	\$ 1,621,532	\$ 1,585,543
Restricted	12,430	11,890	11,455
Unrestricted	3,183,347	2,979,468	1,967,244
Total Net Position	\$ 4,906,776	\$ 4,612,890	\$ 3,564,242

As of June 30, 2013, the Council "as a whole" had assets greater than its liabilities by \$4,906,776. The Council's total net position increased \$293,886 (6.37%) since 2012 and \$1,342,534 (34.67%) since 2011. This is due primarily to the fluctuations in sales tax revenue and the increase in net investment in capital assets.

The Council's unrestricted net position increased by \$203,879 (6.84%) from last year's amount. About 64.88% of the Council's net position is unrestricted as of June 30, 2013. 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 \$12,430 is for utility assistance and represent 0.25% of total net assets. Net position are 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 34.87% of net position that have been invested in capital assets (\$1,710,999) are presented net of depreciation and any related outstanding debt incurred to acquire them.

Total liabilities decreased by \$24,345 this year or 53.8%. The primary reason for the decrease is the decrease in trade payables.

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

	For the years ending June 30,	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues				
Program Revenues:				
Charges for Services	\$	237	\$ 597	\$ 567
Operating Grants and Contributions		314,184	318,979	322,226
Capital Grants and Contributions		-	-	-
General Revenues				
Sales Tax Revenue		966,332	1,758,762	1,703,189
Unrestricted Grants and Contributions		145,050	81,459	85,038
Interest Income		14,351	18,022	5,555
Other General Revenues		1,195	1,634	1,525
Total Revenues		<u>1,441,349</u>	<u>2,179,453</u>	<u>2,118,100</u>
Program Expenses of the Health Welfare & Social Services				
Supportive Services:				
Homemaker		52,773	68,658	49,638
Information and Assistance		18,706	17,797	12,609
Legal Assistance		3,010	3,000	2,350
Outreach		2,271	2,136	2,102
Transportation		135,763	128,664	125,181
Other Non-priority Services		107,048	95,678	126,914
Nutrition Services:				
Congregate Meals		108,428	100,259	100,367
Home Delivered Meals		334,689	352,510	326,052
Nutrition Education		252	1,260	252
Medication Management and Wellness		10,832	10,343	14,661
National Family Caregiver		31,118	44,400	41,499
Utility Assistance		1,372	1,702	1,076
Medicare Outreach & education		-	-	1,130
Program Expenses of Medicaid Transportation		226,774	201,437	144,756
Administration Expenses		113,973	102,959	98,784
Total Expenses		<u>1,147,009</u>	<u>1,130,803</u>	<u>1,047,371</u>
Excess of revenues over expenses		294,340	1,048,650	1,070,729
Gain(Loss) on sale of asset		(454)	-	-
Increase in Net Position		293,886	1,048,650	1,070,729
Beginning Net Position		4,612,890	3,564,240	2,493,511
Ending Net Position	\$	<u>4,906,776</u>	<u>4,612,890</u>	<u>\$ 3,564,240</u>

The Council's total revenues were \$1,441,349 or an decrease of 34% over 2012 for government-wide financial statements. The prior years' revenue was \$2,179,453 in 2012 and \$2,118,100 in 2011, which reflects an increase from prior years revenue of \$61,353 (2.9%) and \$733,295 (52.95%), respectively. Total expenses increased by \$16,206 (1.43%) from \$1,130,803 in 2012 and by \$99,638 (9.51%) from \$1,047,371 in 2011, due to an increase in costs and expansion of program services for our clients.

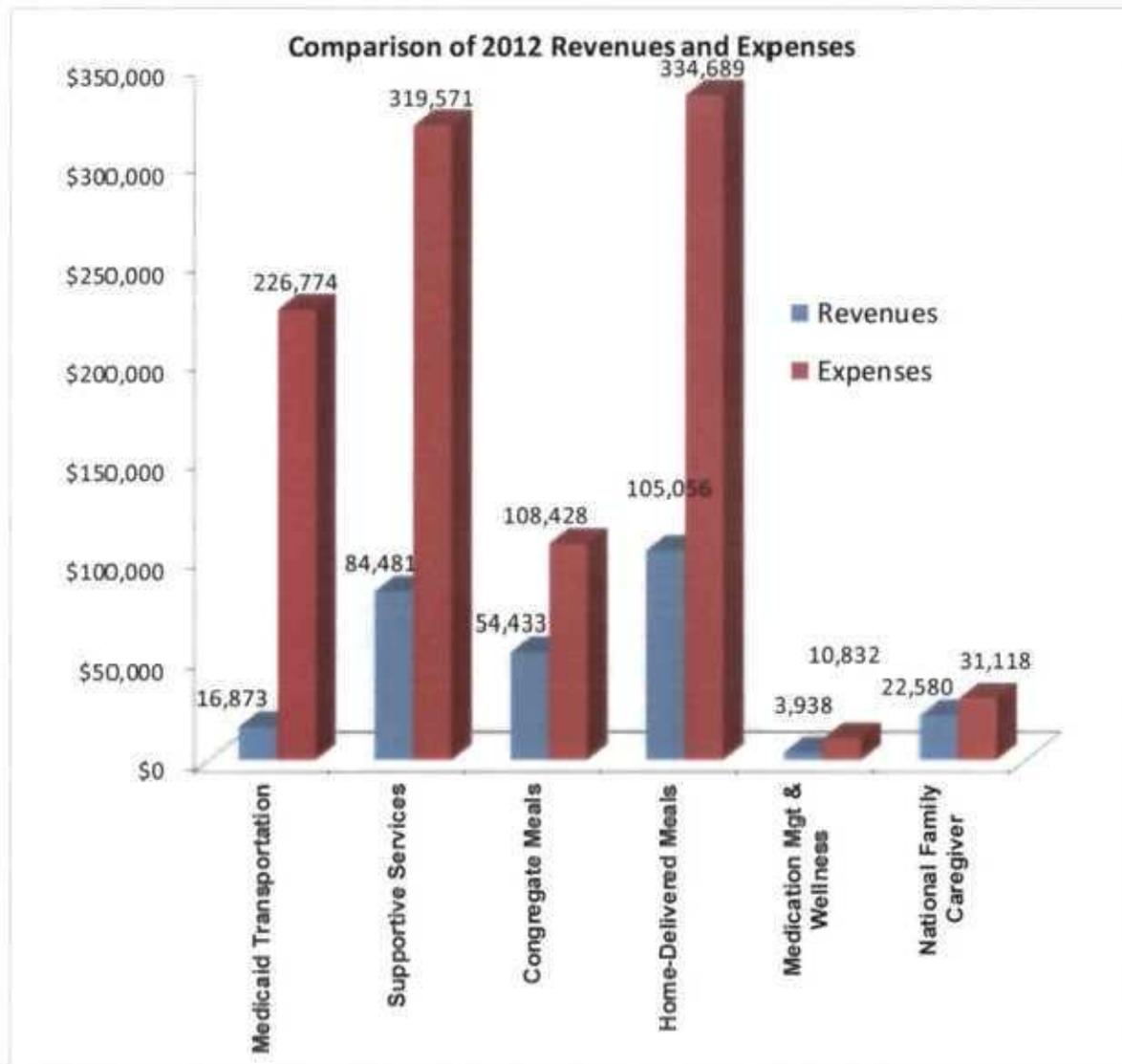
AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

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 in certain programs. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

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 decreased \$792,430 in 2013.

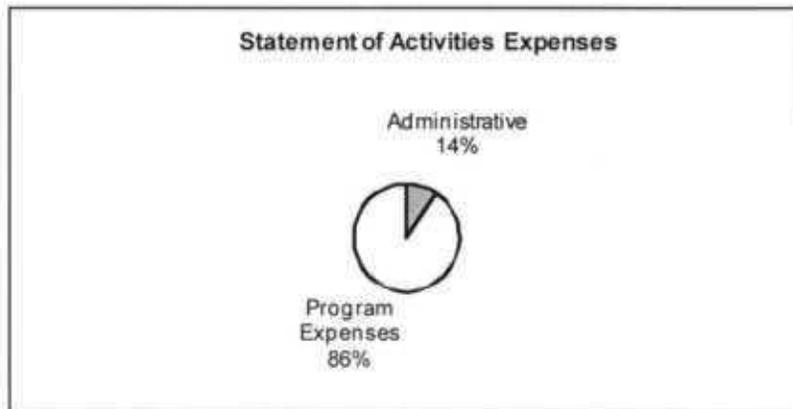
The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues represented only a small portion of revenues for the predominately rural area.

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, NSIP monies are utilized with the CI congregate and CII home delivered meal programs 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.

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.



Finally, the Utility Assistance program has revenues greater than expenses for the year after all qualified transfers have been exhausted. 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 \$3,195,777 (as shown on the Fund Financial Statement's balance sheet on page 18) at the end of this year, which is an increase of \$204,419 versus last year. When you look at the funds individually you will see that the Council's General Fund increased by \$203,879 this year and the Special Revenue Funds have a combined fund balance increase of \$540.

During the year the Board of Directors, under its authority, unassigned part of the fund balance in accordance with the provisions of GASB Statement 54. The \$1,855,000 assigned for the construction of Senior Housing because the project was abandoned and the \$76,500 assigned for the construction projects on the Toledo Bend Center was used for that purpose.

Revenues

The combined fund revenues decreased \$738,104 this year versus last year, led by the sales tax revenue decrease of \$792,429. Intergovernmental grants increased \$63,122 while interest income decreased \$3,671.

Expenditures

Current total expenditures increased by \$70,137 this year. A notable reason why this occurred is as follows:

- Increase in capital outlay expenditures of \$65,193.

AN ANALYSIS OF THE GENERAL FUND BUDGET

Our GOEA budget was approved for the fiscal year ended June, 2013. You can find schedules of the original budget for the General Fund and each major fund in the Required Supplementary Information (Part II) section of this report on pages 37 to 42. When you review the budget versus actual schedule, you will note the favorable

and unfavorable variances. In the General Fund sales tax revenue and interest were less than budgeted and the Louisiana Department of Transportation grant and capital outlays were not budgeted.

AN ANALYSIS OF CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of the year, the Council had \$2,257,346 in gross fixed assets and an increase in accumulated depreciation to \$546,347. The Toledo Center renovations were completed and two vans were purchased. This amounted to an increase of \$89,467 in net fixed assets over last year.

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Buildings and land	\$ 1,706,039	\$ 86,279	\$ -	\$ 1,792,318
Furniture and equipment	29,362	-	(1,430)	27,932
Automotive equipment	253,942	81,034	-	334,976
Construction-in-progress	102,120	-	-	102,120
Total general fixed assets	\$ 2,091,463	\$ 167,313	\$ (1,430)	\$ 2,257,346
Accumulated Depreciation				
Buildings and land	\$ 233,286	\$ 43,645	\$ -	\$ 276,931
Furniture and equipment	25,676	1,923	(976)	26,623
Automotive equipment	210,969	31,824	-	242,793
Total accumulated depreciation	\$ 469,931	\$ 77,392	\$ (976)	\$ 546,347
Total Net Assets	\$ 1,621,532	\$ 89,921	\$ (454)	\$ 1,710,999

At the end of June 30, 2013, 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 2013-2014, 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 2012-2013. All of the Council's grants and contracts from the usual federal and state agencies have been approved for FYE 2013. There have been no significant changes to the funding levels from the Governor's Office of Elderly Affairs or terms of the grants and contracts. However, sales tax revenues have decreased 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 Ginger Patton, 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 scoa@bellsouth.net.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
STATEMENT OF NET POSITION
June 30, 2013

STATEMENT A

		<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS		
Cash	\$	1,107,790
Investments		2,029,566
Receivables		78,807
Van deposit		-
Capital assets, net of accumulated depreciation		1,710,999
Utility deposits		<u>520</u>
Total Assets	\$	<u>4,927,682</u>
LIABILITIES		
Current:		
Accounts payable	\$	5,612
Accrued payroll liabilities		<u>15,294</u>
Total Liabilities	\$	<u>20,906</u>
NET POSITION		
Net investment in capital assets	\$	1,710,999
Restricted for:		
Utility assistance		12,430
Unrestricted		<u>3,183,347</u>
Total Net Position	\$	<u><u>4,906,776</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
STATEMENT OF ACTIVITIES
June 30, 2013

Functions/Programs	Direct Expenses	Indirect Expenses	Charges for services	Program Revenues		Net (Expenses) Revenues and Change in Net Position
				Operating Grants and Contributions	Capital Grants and Contributions	
						Governmental Activities
Governmental Activities:						
Health, Welfare & Social Services						
Supportive Services:						
Homemaker	\$ 31,447	\$ 21,326	\$ -	\$ 15,854	\$ -	\$ (36,919)
Information and assistance	11,147	7,559	-	4,027	-	(14,679)
Legal assistance	3,010	-	-	3,010	-	-
Outreach	1,353	918	-	479	-	(1,792)
Transportation	80,900	54,863	-	35,267	-	(100,496)
Other Non-Priority Services	63,789	43,259	-	25,844	-	(81,204)
Nutrition Services:						
Congregate meals	82,243	26,185	237	54,433	-	(53,758)
Home delivered meals	248,512	86,177	-	105,056	-	(229,633)
Nutrition education	252	-	-	252	-	-
Preventive Health:						
Wellness	6,455	4,377	-	3,938	-	(6,894)
National family caregiver:						
In-home respite	25,958	759	-	20,856	-	(5,861)
Sitter service	1,456	40	-	1,152	-	(344)
Other services	1,732	1,173	-	572	-	(2,333)
Utility assistance	1,372	-	-	1,912	-	540
Other Transportation	135,133	91,641	-	16,873	-	(209,901)
Administrative (AAA & General)	27,587	86,386	-	24,659	-	(89,314)
Total Governmental Activities	\$ 722,346	\$ 424,663	\$ 237	\$ 314,184	\$ -	\$ (832,588)

General revenues:

Sales tax revenue	966,332
Grants not restricted to specific programs	145,050
Miscellaneous	1,195
Loss on disposition of assets	(454)
Interest income	14,351

Total general revenues 1,126,474

Increase (decrease) of net position 293,886

Net position, beginning

Net position, ending

4,612,890

\$ 4,906,776

FUND FINANCIAL STATEMENTS

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
BALANCE SHEET - GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
June 30, 2013

	GENERAL	TITLE III-B	TITLE III-2	TITLE III-1	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash	\$ 1,107,790	\$ -	\$ -	\$ -	\$ -	\$ 1,107,790
Investments	2,029,566	-	-	-	-	2,029,566
Accounts receivable	78,807	-	-	-	-	78,807
Due from general fund	-	-	-	-	12,430	12,430
Utilities deposit	520	-	-	-	-	520
Total Assets	\$ 3,216,683	\$ -	\$ -	\$ -	\$ 12,430	\$ 3,229,113
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 5,612	\$ -	\$ -	\$ -	\$ -	\$ 5,612
Accrued payroll taxes	15,294	-	-	-	-	15,294
Due to other funds	12,430	-	-	-	-	12,430
Total Liabilities	33,336	-	-	-	-	33,336
Fund Balances						
Nonspendable:						
Utility deposits	520	-	-	-	-	520
Restricted for:						
Utility assistance	-	-	-	-	12,430	12,430
Unassigned	3,182,827	-	-	-	-	3,182,827
Total Fund Balances	3,183,347	-	-	-	12,430	3,195,777
Total Liabilities and Fund Balances	\$ 3,216,683	\$ -	\$ -	\$ -	\$ 12,430	\$ 3,229,113

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	\$ 3,195,777
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,710,999
Statement of Net Position	\$ 4,906,776

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

NOTES TO THE FINANCIAL STATEMENTS

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

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. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. 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.

RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS-

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the Council's current financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 does not have any impact on the Council's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 63 does not have any impact on the Council's financial statements, other than to change the name of the Statement of Net Assets to Statement of Net Position.

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Council does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the Council's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 properly classifies and recognizes certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The adoption of GASB 65 does not have any impact on the Council's financial statements.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 40 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.

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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Intergovernmental revenues primarily support governmental activities.

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

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. 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.

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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

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 2013, 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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 \$23,573 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.

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, Pleasant Hill, Converse, Zwolle, and Toledo Town. During the fiscal year, management transferred all of its grant revenue from the Senior Center (\$39,623) to the Title III C-2 Fund and Supplemental Senior Center (\$3,100) to the Title III C-1 Fund to subsidize the operating costs of those fund's program services.

Audit Funding. Each year GOEA provides funds to subsidize the cost of the Council's annual audit. The audit funds (\$1,084 for FY 2013) were received and accounted for in the General fund and used to help pay for the cost of the audit, which was \$10,256 and included as a component of full service expenditures in the General Fund.

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 (\$1,523 for FY 2013) 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 756 units (trips) for participants in this program, which generated (\$15,351) 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, 2013

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	748
Legal assistance	75
Homemaker	1,538
Material aid	221
Outreach	168
Recreation	17,047
Transportation	6,459
Public education	245

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 (\$79,815)
- Restricted, voluntary public support (\$4,666) from persons who actually received homemaker and transportation services.

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, Pleasant Hill, Toledo Town and Zwolle areas. During the year the Council provided 13,109 meals and 36 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 (\$47,545).
- Restricted, voluntary public support (\$7,251) from those persons who received congregate meals.

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 39,391 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 (\$59,954).
- Nutrition Services Incentive Program (NSIP) funds (\$40,033) provided by GOEA to supplement the home-delivered meals program.
- Restricted, voluntary public support (\$5,195) 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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Non-Major Governmental Funds

The **Title III D Fund** accounts for funds used for wellness, which include disease prevention and health promotion activities. During the year 927 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 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 221 units of service were provided. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA for the Title III, Part E, National Family Caregivers Support Program.

The **MIPPA (Medicare Improvement for Patients and Providers Act) Fund** is used to account for funds received to support outreach and assistance efforts directed toward Medicare beneficiaries with limited incomes who may be eligible for Medicare Part D, Low Income Subsidy (LIS) and Medicare Savings Plan (MSP) programs. The goal is to provide outreach to individuals in Sabine Parish, Louisiana with special emphasis on rural communities and to increase public awareness and enrollment into the benefits available under LIS and MSP. The Council did not receive any MIPPA funds during the year ended June 30, 2013.

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 \$1,372 to assist people with paying their utility bills.

The **EFSP Fund** is used to account for the administration of the Emergency Food and Shelter National Board Program whose purpose is to supplement food and shelter assistance to individuals who might currently be receiving assistance, as well as to assist those who are not receiving any. Funds are provided by the Federal Emergency Management Agency (FEMA) to help provide additional home-delivered meals. The Council received \$0 in EFSP Funds during the year ended June 30, 2013.

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 Assets and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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 Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose. At year end, the line item "Cash" on the Statement of Net Assets is comprised of restricted cash of \$12,430 and unrestricted cash of \$1,095,360. The Council has presented restricted cash as a component of current assets in the Statement of Net Assets because it is available for use in current operations.

G. Investments:

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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. 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 Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are 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.

I. 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.

J. 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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. 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.

L. 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.
- **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 \$12,430 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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Fund Equity in the Fund Financial Statements (continued)

- **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by 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. On June 28, 2012, the board of directors assigned \$1,855,000 for Senior Housing construction and \$76,500 for the Toledo Bend center project. In February, 2013, the board of directors abandoned the Senior Housing construction project and unassigned the fund. The Toledo center project was completed during the year.
- **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.

M. 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.

N. 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.

O. Elimination and Reclassifications:

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

P. 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*, for the years 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they are filed.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

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, 2013, the Council has cash (book balances) totaling \$1,107,790, as follows:

Petty Cash	\$	100
Demand Deposits		<u>1,107,690</u>
	\$	<u><u>1,107,790</u></u>

Investments:

At June 30, 2013, the Council has the following investments and maturities:

Investment	Maturity	Fair Value
Certificate of Deposit	11/9/2013	\$ 155,296
Certificate of Deposit	10/14/2013	305,367
Certificate of Deposit	8/7/2013	506,888
Certificate of Deposit	12/28/2013	506,177
Certificate of Deposit	8/30/2013	300,539
Certificate of Deposit	12/19/2014	<u>255,299</u>
	Totals	<u><u>\$ 2,029,566</u></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 government 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 \$3,170,436 which were protected by \$750,000 of federal depository insurance and pledged securities with a market value of \$2,079,828 held by the custodial banks in the name of the Council. Therefore, the Council was not fully collateralized and not 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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

3. CASH MANAGEMENT, DEPOSITS AND INVESTMENTS (continued)

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.

4. ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2013, consists of the following:

Program	Fund	Provider	Amount
Administration	General	Sales Tax	\$ 75,594
Accrued interest	General	Investments	3,213
Total			\$ 78,807

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, 2012	Additions	Deletions	Balance June 30, 2013
Land	\$ 147,648	\$ -	\$ -	\$ 147,648
Buildings	1,558,391	86,278	-	1,644,669
Construction in Progress	102,120	-	-	102,120
Furniture and equipment	29,362	-	(1,430)	27,932
Automotive equipment	253,942	81,035	-	334,977
Total general fixed assets	\$ 2,091,463	\$ 167,313	\$ (1,430)	\$ 2,257,346
Accumulated Depreciation				
Buildings	\$ 233,286	\$ 43,645	\$ -	\$ 276,931
Furniture and equipment	25,676	1,923	(976)	26,623
Automotive equipment	210,969	31,824	-	242,793
Total accumulated depreciation	\$ 469,931	\$ 77,392	\$ (976)	\$ 546,347
Total Net Assets	\$ 1,621,532	\$ 89,921	\$ (454)	\$ 1,710,999

Depreciation expense of \$77,392 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. 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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

7. IN-KIND CONTRIBUTIONS

The Council received \$76,222 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		\$	42,847
Operating supplies			25,775
Other			7,600
Total in-kind		\$	<u>76,222</u>

8. 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	\$	-	\$	12,430
Special Revenue Funds		12,430		-
	\$	<u>12,430</u>	\$	<u>12,430</u>

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

9. 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, 2013 is \$966,332.

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.

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2013

11. 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	\$ -	\$ 235,090
Title III C-1 Fund	-	53,758
Title III C-2 Fund	-	229,633
Non major funds:		
Title III D	-	6,894
Title III E	-	8,538
Total General Fund	\$ -	\$ 533,913
Title III B Fund:		
General Fund- sales tax	\$ 235,090	\$ -
Title III C-1 Fund		
General Fund- sales tax	50,658	-
General Fund- Supple Sr Center grant	3,100	-
Total III C-1 Fund	\$ 53,758	\$ -
Title III C-2 Fund		
General Fund- sales tax	152,510	-
General Fund - PCOA grant	37,500	-
General Fund- Sr Center grant	39,623	-
Total III C-2 Fund	\$ 229,633	\$ -
Non major funds in the Aggregate:		
General Fund- sales tax	\$ 15,432	\$ -
Grand Totals	\$ 533,913	\$ 533,913

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.

12. RELATED PARTY TRANSACTIONS

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2013.

13. 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, 2013

14. 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*.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 27, 2013, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

SABINE COUNCIL ON AGING, INC.
Many, Louisiana
BUDGETARY COMPARISON SCHEDULE
General Fund
For the Year Ended June 30, 2013

	BUDGET AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
PCOA	\$ 37,500	\$ 37,500	\$ 37,500	\$ -
Area Agency Administration	23,573	23,573	23,573	-
Senior Center	34,438	34,438	39,623	5,185
Supplemental Senior Center	3,100	3,100	3,100	-
Audit Allotment	1,084	1,084	1,084	-
LaDOT Grant	-	-	64,827	64,827
Sales tax revenue	1,675,000	1,006,143	966,331	(39,812)
Public support	1,000	441	441	-
Interest income	2,000	18,377	14,351	(4,026)
Program service fees:				
Medicaid transportation	10,000	15,351	15,351	-
Other transportation	-	-	1,523	1,523
Miscellaneous	3,200	3,751	755	(2,996)
Total Revenues	<u>1,790,895</u>	<u>1,143,758</u>	<u>1,168,459</u>	<u>24,701</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Personnel	124,321	123,642	134,937	(11,295)
Fringe benefits	15,356	14,879	15,772	(893)
Travel	3,192	2,801	3,049	(248)
Operating services	42,330	43,005	65,566	(22,561)
Operating supplies	22,257	33,900	34,876	(976)
Other costs	3,883	6,297	9,154	(2,857)
Direct costs (no indirect allocation)	44,875	46,800	-	46,800
Meals	-	-	-	-
Energy assistance	-	-	-	-
Capital outlays	-	-	167,313	(167,313)
Total Expenditures	<u>256,214</u>	<u>271,324</u>	<u>430,667</u>	<u>(159,343)</u>
Excess of revenues over (under) expenditures	<u>1,534,681</u>	<u>872,434</u>	<u>737,792</u>	<u>(134,642)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(578,581)	(558,515)	(533,913)	24,602
Total Other Financing Sources and Uses	<u>(578,581)</u>	<u>(558,515)</u>	<u>(533,913)</u>	<u>24,602</u>
Net increase(decrease) in fund balances	956,100	313,919	203,879	(110,040)
FUND BALANCES				
Beginning of year	2,979,468	2,979,468	2,979,468	-
End of year	<u>\$ 3,935,568</u>	<u>\$ 3,293,387</u>	<u>\$ 3,183,347</u>	<u>\$ (110,040)</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, 2013

	BUDGET AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:	\$ 79,815	\$ 79,815	\$ 79,815	\$ -
Public support	5,500	5,000	4,666	(334)
Total Revenues	<u>85,315</u>	<u>84,815</u>	<u>84,481</u>	<u>(334)</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Personnel	175,886	178,854	178,984	(130)
Fringe benefits	21,725	21,623	20,921	702
Travel	12,631	13,573	12,900	673
Operating services	53,935	54,934	58,692	(3,758)
Operating supplies	32,097	36,584	36,281	303
Other costs	5,546	8,841	8,783	58
Direct costs (no indirect allocation)	3,000	3,000	3,010	(10)
Meals	-	-	-	-
Energy assistance	-	-	-	-
Capital outlays	-	-	-	-
Total Expenditures	<u>304,820</u>	<u>317,409</u>	<u>319,571</u>	<u>(2,162)</u>
Excess of revenues over (under) expenditures	<u>(219,505)</u>	<u>(232,594)</u>	<u>(235,090)</u>	<u>(2,496)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	219,505	232,594	235,090	2,496
Operating transfers out	-	-	-	-
Total Other Financing Sources and Uses	<u>219,505</u>	<u>232,594</u>	<u>235,090</u>	<u>2,496</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, 2013

	<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:	\$ 59,954	\$ 59,954	\$ 59,954	\$ -
NSIP Grant	40,033	40,502	40,033	(469)
Public support	<u>3,600</u>	<u>3,700</u>	<u>5,195</u>	<u>1,495</u>
Total Revenues	<u>103,587</u>	<u>104,156</u>	<u>105,182</u>	<u>1,026</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Personnel	113,626	108,811	108,280	531
Fringe benefits	14,035	13,344	12,657	687
Travel	63,803	63,989	51,138	12,851
Operating services	29,918	27,685	30,758	(3,073)
Operating supplies	4,502	4,998	4,502	496
Other costs	4,228	4,047	5,917	(1,870)
Direct costs (no indirect allocation)	-	-	1,260	(1,260)
Meals	144,260	134,010	120,303	13,707
Energy assistance	-	-	-	-
Capital outlays	-	-	-	-
Total Expenditures	<u>374,372</u>	<u>356,884</u>	<u>334,815</u>	<u>22,069</u>
Excess of revenues over (under) expenditures	<u>(270,785)</u>	<u>(252,728)</u>	<u>(229,633)</u>	<u>23,095</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	270,785	252,728	229,633	(23,095)
Operating transfers out	-	-	-	-
Total Other Financing Sources and Uses	<u>270,785</u>	<u>252,728</u>	<u>229,633</u>	<u>(23,095)</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-1 Congregate Meals
For the Year Ended June 30, 2013

	BUDGET AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:	\$ 47,545	\$ 47,545	\$ 47,545	\$ -
Public support	7,300	7,251	7,251	-
Total Revenues	<u>54,845</u>	<u>54,796</u>	<u>54,796</u>	<u>-</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Personnel	43,299	43,380	44,375	(995)
Fringe benefits	5,348	5,245	5,187	58
Travel	2,616	1,832	1,781	51
Operating services	8,105	8,434	9,284	(850)
Operating supplies	2,320	2,458	2,373	85
Other costs	1,155	1,775	1,798	(23)
Direct costs (no indirect allocation)	-	-	1,260	(1,260)
Meals	40,260	44,760	42,496	2,264
Energy Assistance	-	-	-	-
Capital outlays	-	-	-	-
Total Expenditures	<u>103,103</u>	<u>107,884</u>	<u>108,554</u>	<u>(670)</u>
Excess of revenues over (under) expenditures	<u>(48,258)</u>	<u>(53,088)</u>	<u>(53,758)</u>	<u>(670)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	48,258	53,088	53,758	(670)
Operating transfers out	-	-	-	-
Total Other Financing Sources and Uses	<u>48,258</u>	<u>53,088</u>	<u>53,758</u>	<u>(670)</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, 2013

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.

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

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, 2013

	TITLE III-D	TITLE III-E	Energy Assistance	TOTAL
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 3,938	\$ 22,580	\$ -	\$ 26,518
General Public via Utility Co. Program	-	-	1,912	1,912
Total Revenues	<u>3,938</u>	<u>22,580</u>	<u>1,912</u>	<u>28,430</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Personnel	6,489	3,336	-	9,825
Fringe benefits	758	390	-	1,148
Travel	213	21	-	234
Operating services	2,721	691	-	3,412
Operating supplies	350	310	-	660
Other costs	301	26,370	-	26,671
Meals	-	-	-	-
Energy Assistance	-	-	1,372	1,372
Total Expenditures	<u>10,832</u>	<u>31,118</u>	<u>1,372</u>	<u>43,322</u>
Excess of revenues over (under) expenditures	<u>(6,894)</u>	<u>(8,538)</u>	<u>540</u>	<u>(14,892)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	6,894	8,538	-	15,432
Operating transfers out	-	-	-	-
Total Other Financing Sources and Uses	<u>6,894</u>	<u>8,538</u>	<u>-</u>	<u>15,432</u>
Net increase(decrease) in fund balances	-	-	540	540
FUND BALANCES				
Beginning of year	-	-	11,890	11,890
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,430</u>	<u>\$ 12,430</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, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Balance</u> <u>June 30, 2013</u>
General Fixed Assets at cost:				
Buildings and Land	\$ 1,706,039	\$ 86,278	\$ -	\$ 1,792,317
Construction in Progress	102,120	-	-	102,120
Furniture and Equipment	29,362	-	(1,430)	27,932
Automotive Equipment	253,942	81,035	-	334,977
Total General Fixed Assets	<u>2,091,463</u>	<u>167,313</u>	<u>(1,430)</u>	<u>2,257,346</u>
Total Capital Assets	<u>\$ 2,091,463</u>	<u>\$ 167,313</u>	<u>\$ (1,430)</u>	<u>\$ 2,257,346</u>
 Investment in General Fixed Assets				
Property Acquired from:				
PCOA (Act 735)	\$ 41,549	\$ -	\$ (10,000)	\$ 31,549
General Funds	1,906,261	102,486	8,570	2,017,317
Prior to 1999 - AAA, IIIB, CI, CII, IIID, OMB, IIIF, and Waiver	1,150	-	-	1,150
Misc. Grants	142,503	64,827	-	207,330
Total Investments in General Fixed Assets	<u>\$ 2,091,463</u>	<u>\$ 167,313</u>	<u>\$ (1,430)</u>	<u>\$ 2,257,346</u>

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

**OTHER REPORTS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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
Sabine Council on Aging, Inc.
Many, Louisiana

I 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, the financial statements of the governmental activities, each major fund, and the aggregate nonmajor governmental funds of the Sabine Council on Aging, Inc. as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Sabine Council on Aging, Inc.'s basic financial statements and have issued my report thereon dated November 27, 2013.

Internal Control Over Financial Reporting

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

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sabine Council on Aging, Inc.'s, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed two instances of noncompliance or other matters that is required to

be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2013-01 and 2013-02.

Sabine Council on Aging, Inc.'s Response to Finding

The Sabine Council on Aging, Inc.'s response to the finding identified in my audit is described in the accompanying schedule of findings and responses. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of any 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 21:513, this report is a public document.



Mansfield, Louisiana
November 27, 2013

AUDIT FINDINGS

SABINE COUNCIL ON AGING, INC.
Schedule of Findings and Responses
For the Year Ended June 30, 2013

A. SUMMARY OF AUDITOR'S RESULTS:

INDEPENDENT AUDITOR'S REPORT:

I have audited the basic financial statements of Sabine Council on Aging, Inc. as of and for the year ended June 30, 2013, and have issued my report thereon dated November 27, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the basic financial statements as of June 30, 2013, resulted in an unqualified opinion.

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:

Internal Control

Material Weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant Deficiency	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance and Other Matters

Noncompliance or other matters	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
--------------------------------	---	-----------------------------

FEDERAL AWARDS:

Not applicable

B. FINDINGS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*.

Compliance

2013-01 Required security for bank deposits

Criteria: Louisiana Revised Statutes (LSA-R.S.) 39:1221-1225 requires that public funds on deposit be 100% collateralized except that portion insured by the Federal Deposit Insurance Corporation (FDIC).

Condition: The Council's \$933,535 in deposits at City Bank at June 30, 2013 was covered with \$250,000 of FDIC insurance and pledged securities with a fair market value of \$342,926. Therefore \$340,609 of the deposits was not collateralized.

Effect: The Council was not in compliance with the Louisiana Revised Statutes concerning deposit security.

Recommendation: The Council should put in place a monthly procedure to determine the adequacy of the pledged securities for their bank deposits.

Management Response: Management agrees with the recommendation and will assign this to a responsible employee.

SABINE COUNCIL ON AGING, INC.
Schedule of Findings and Responses
For the Year Ended June 30, 2013

2013-02 Local Government Budget Act violation

Criteria: Louisiana Revised Statute 39:1311 requires the chief executive to notify the governing authority if total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeting expenditures and uses by 5% or more.

Condition: The Council failed to budget for capital outlay expenditures in the general fund. Therefore the actual expenditures exceeded the budgeted expenditures by 58%.

Effect: The Council was not in compliance with the Local Government Budget Act concerning budgetary authority and control.

Recommendation: The Council management and board of directors should familiarize themselves with the Local Government Budget Act and more closely monitor and control expenditures.

Management Response: We concur with the recommendation. We will acquire the necessary resources to understand and implement proper budgetary monitoring and control.

SABINE COUNCIL ON AGING, INC.
Schedule of Prior Years Findings
For the Year Ended June 30, 2013

No findings in prior year.