

**RED RIVER COUNCIL ON AGING, INC.
COUSHATTA, LOUISIANA**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2017**

Red River Council on Aging, Inc.

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Red River Council on Aging, Inc.

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RED RIVER COUNCIL ON AGING, INC.
P. O. Drawer 688
Coushatta, LA 71019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Red River Council on Aging, Inc.'s (Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements which follows this section.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Reporting the Council as a Whole Using Government-Wide Statements

The Statement of Net Position and the Statement of Activities 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 it. 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, you will need to consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of 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 and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include various supportive social services, nutritional services, utility assistance, and disease prevention and health promotion. All activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it receives from government grants and contracts, along with donations from the general public, to pay for the services it provides to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive.

Reporting the Council's Funds Using Fund Financial Statements

The Fund Financial Statements can be found on pages 14-17 and provide detailed information about the funds. In the Fund Financial Statements you will see a General Fund and a variety of Special Revenue Funds. The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. By using separate funds to track revenues and expenditures, we can control and manage funds for particular purposes or we can show that the fund is meeting legal responsibilities for using certain grants.

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. The difference between the net position of governmental activities and the fund balances of the governmental funds are in a reconciliation at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balance for the governmental funds and the change in net position for the governmental activities has been presented in a reconciliation on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds.

Notes to 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 19-34. You should read the notes before making assumptions or drawing conclusions about the Council's financial condition.

Supplementary Financial Information Required by GASB Statement 34

The *Governmental Accounting Standards Board* (GASB) Statement No. 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 results for the Council's fiscal year. We have also opted to present positive and negative variances between the final budget and actual amounts.

The Council's General Fund budget was amended because ad valorem tax revenues and operating expenses were more than originally budgeted.

The actual revenues were \$3,022 more than the final budgeted amounts and the actual expenditures were \$1,243 more than the final budgeted amounts.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds.

Management's Discussion and Analysis is also required supplementary information (RSI) by GASB Statement No. 34. However, it is presented as the first item in this reporting package and not with the other RSI required by GASB Statement No. 34.

Other Supplementary Financial Information Required by GOEA

The Council has also presented other required supplementary 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 36 through 44. 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 reflects condensed information on the Council's net position as of June 30, 2017 and June 30, 2016:

	<u>2017</u>	<u>2016</u>
Assets:		
Cash & Cash Equivalents	\$196,988	\$493,904
Revenue Receivables	29,120	28,715
Prepaid Expenses	34,622	37,609
Capital Assets, Net	<u>237,302</u>	<u>270,806</u>
Total Assets	<u>\$498,032</u>	<u>\$831,034</u>
Liabilities:		
Cash Overdraft	\$ 14,345	\$296,694
Accounts Payable	36,682	15,153
Compensated Absences	<u>52,828</u>	<u>54,323</u>
Total Liabilities	<u>\$103,855</u>	<u>\$366,170</u>
Net Position:		
Net Investment in Capital Assets	\$237,302	\$270,806
Restricted	257	257
Unrestricted	<u>156,618</u>	<u>193,801</u>
Total Net Position	<u>\$394,177</u>	<u>\$464,864</u>

As of June 30, 2017, the Council "as a whole" had assets greater than its liabilities by \$394,177. This is a decrease of \$70,687 from prior year.

Summary of Statement of Activities

	<u>2017</u>	<u>2016</u>
Revenues:		
Program Revenues-		
Charges for Services	\$ 2,591	\$ 15,545
Operating Grants and Contributions	598,211	641,971
General Revenues-		
Ad Valorem Taxes	213,831	225,295
Unrestricted Grants and Contributions	<u>37,500</u>	<u>68,946</u>
Total Revenues	<u>\$852,133</u>	<u>\$951,757</u>
 Program Expenses of the Health, Welfare, and Social Services Function:		
Supportive Services-		
Other Supportive Services	\$378,435	\$357,262
Homemaker	45,115	22,426
Information and Assistance	4,789	6,155
Legal Assistance	235	1,152
Outreach	2,540	1,454
Transportation	29,106	31,179
Nutrition Services-		
Congregate Meals	177,536	172,277
Home Delivered Meals	200,087	194,212
Utility Assistance	804	2,779
Disease Prevention and Health Promotion	2,809	2,653
Administration Expenses	<u>81,364</u>	<u>139,803</u>
Total Expenses	<u>\$922,820</u>	<u>\$931,352</u>
 Change in Net Position	 <u>\$ (70,687)</u>	 <u>\$ 20,405</u>

The Council's total revenues decreased by \$99,624 or 10.46% from prior year. Total expenses decreased by \$8,532 or 0.92% from prior year.

An Analysis of Governmental Activities

Most of the Council's activities are funded by federal, state, and local grants. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services.

Economic Factors and Next Year's Budgets

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the council, and therefore, revenues may vary from year to year.

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 Elizabeth Cannon, Executive Director, P. O. Drawer 688, Coushatta, Louisiana, 71019.

Johnson, Thomas & Cunningham

Certified Public Accountants

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

Mark D. Thomas, CPA – A Professional Corporation
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Red River Council on Aging, Inc.
Coushatta, Louisiana 71019

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The budgetary comparison schedules listed as required supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, reflected on page 44, to supplement the financial statements. The budgetary comparison schedules and the schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

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

November 17, 2017
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Red River Council on Aging, Inc.
Statement of Net Position
June 30, 2017

	Governmental <u>Activities</u>
ASSETS:	
Cash & Cash Equivalents	\$196,988
Revenue Receivable	29,120
Prepaid Expenses	34,622
Capital Assets, Net of Accumulated Depreciation	<u>237,302</u>
Total Assets	<u>\$498,032</u>
LIABILITIES:	
Cash Overdraft	\$ 14,345
Accounts Payable	36,682
Accrued Compensated Absences	<u>52,828</u>
Total Liabilities	<u>\$103,855</u>
NET POSITION:	
Net Investment in Capital Assets	\$237,302
Restricted	257
Unrestricted	<u>156,618</u>
Total Net Position	<u>\$394,177</u>

See notes to financial statements.

Red River Council on Aging, Inc.
Government-Wide Statement of Activities
For the Year Ended June 30, 2017

<u>Activities</u>	<u>Direct Expenses</u>	<u>Indirect Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position in Governmental Activities</u>
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:					
Health, Welfare & Social Services-					
Supportive Services-					
Title III-B-					
Information & Assistance	\$ 3,912	\$ 877	\$ 0	\$ 2,685	\$ (2,104)
Transportation	24,927	4,179	0	17,113	(11,993)
Homemaker	37,820	7,295	0	25,964	(19,151)
Legal Assistance	235	0	0	161	(74)
Outreach	1,735	805	0	1,191	(1,349)
Nutrition Services-					
Congregate Meals (C-1)	145,815	31,721	0	78,660	(98,876)
Home Delivered Meals (C-2)	164,164	35,923	0	80,164	(119,923)
Multipurpose Senior Center	28,852	4,980	0	39,652	5,820
Area Agency Administration	16,411	0	0	17,936	1,525
CACFP Nutrition Fund	5,785	0	0	5,785	0
Adult Daycare (XIX)	176,155	0	0	164,369	(11,786)
Utility Assistance Fund	804	0	0	804	0
National Family Caregiver Support	7,790	3,745	0	10,561	(974)
Disease Prevention & Health Promotion	2,659	150	0	2,808	(1)
Medical Transport	3,054	0	0	0	(3,054)
Nutritional Services Incentives Program	0	0	0	20,186	20,186
Section 5311	131,663	0	0	113,572	(18,091)
Administration	<u>81,364</u>	<u>0</u>	<u>2,591</u>	<u>16,600</u>	<u>(62,173)</u>
Total Governmental Activities	<u>\$833,145</u>	<u>\$89,675</u>	<u>\$2,591</u>	<u>\$598,211</u>	<u>\$(322,018)</u>
General Revenues:					
Taxes-					
Ad Valorem					
\$ 213,831					
Grants and Contributions					
not restricted to specific programs					
<u>37,500</u>					
Total General Revenues					
<u>\$ 251,331</u>					
Change in Net Position					
\$(70,687)					
Net Position July 1, 2016					
<u>464,864</u>					
Net Position June 30, 2017					
<u>\$ 394,177</u>					

See notes to financial statements.

FUND FINANCIAL STATEMENTS

Red River Council on Aging, Inc.
Balance Sheet-Governmental Funds
June 30, 2017

	Major Funds						Total Governmental Funds
	General Fund	Title III C-1	Title III C-2	Section 5311	Adult Daycare	Non-Major Funds	
Assets:							
Cash & Cash Equivalents	\$172,853	\$ 9,279	\$ 9,972	\$ 0	\$ 0	\$ 4,884	\$196,988
Revenue Receivable	2,226	0	0	17,946	8,543	405	29,120
Prepaid Expenses	<u>6,585</u>	<u>6,715</u>	<u>7,650</u>	<u>3,000</u>	<u>3,887</u>	<u>6,785</u>	<u>34,622</u>
Total Assets	<u>\$181,664</u>	<u>\$15,994</u>	<u>\$17,622</u>	<u>\$20,946</u>	<u>\$12,430</u>	<u>\$12,074</u>	<u>\$260,730</u>
Liabilities:							
Cash Overdraft	\$ 2,226	\$ 0	\$ 0	\$ 9,781	\$ 2,338	\$ 0	\$ 14,345
Accounts Payable	<u>2,184</u>	<u>9,279</u>	<u>9,972</u>	<u>4,010</u>	<u>6,205</u>	<u>5,032</u>	<u>36,682</u>
Total Liabilities	<u>\$ 4,410</u>	<u>\$ 9,279</u>	<u>\$ 9,972</u>	<u>\$13,791</u>	<u>\$ 8,543</u>	<u>\$ 5,032</u>	<u>\$ 51,027</u>
Fund Balances:							
Restricted for:							
Nutrition Services-Meals	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 257	\$ 257
Unassigned	<u>177,254</u>	<u>6,715</u>	<u>7,650</u>	<u>7,155</u>	<u>3,887</u>	<u>6,785</u>	<u>209,446</u>
Total Fund Balance	<u>\$177,254</u>	<u>\$ 6,715</u>	<u>\$ 7,650</u>	<u>\$ 7,155</u>	<u>\$ 3,887</u>	<u>\$ 7,042</u>	<u>\$209,703</u>
Total Liabilities and Fund Balance	<u>\$181,664</u>	<u>\$15,994</u>	<u>\$17,622</u>	<u>\$20,946</u>	<u>\$12,430</u>	<u>\$12,074</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

- Compensated absences are not paid out of current financial resources and therefore are not reported in the funds \$(52,828)
 - Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 237,302
- Net Position of Governmental Activities \$394,177

Red River Council on Aging, Inc.
Statement of Revenues, Expenditures,
and Changes in Fund Balances-Governmental Funds
For the Year Ended June 30, 2017

	Major Funds						Total Governmental Funds
	General Fund	Title III C-1	Title III C-2	Section 5311	Adult Daycare	Non-Major Funds	
REVENUES:							
Taxes-							
Ad Valorem Tax	\$ 213,831	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 213,831
Intergovernmental-							
Governor's Office of Elderly Affairs	37,500	23,102	43,496	0	0	114,735	218,833
La. Dept. of Education	0	0	0	0	4,345	5,785	10,130
La. Dept. of Health & Hospitals	0	0	0	0	160,024	0	160,024
La. Dept. of Transportation	0	0	0	104,178	0	0	104,178
Red River Parish Police Jury/LGAP	11,435	0	0	0	0	0	11,435
Charges for Services	2,591	0	0	0	0	0	2,591
Miscellaneous-							
Other/Local Funds	5,165	0	0	1,000	0	804	6,969
Participant Contributions	0	50,488	32,488	8,394	0	6,523	97,893
In-kind Contributions	<u>0</u>	<u>5,070</u>	<u>4,180</u>	<u>0</u>	<u>0</u>	<u>17,000</u>	<u>26,250</u>
Total Revenues	<u>\$ 270,522</u>	<u>\$ 78,660</u>	<u>\$ 80,164</u>	<u>\$ 113,572</u>	<u>\$ 164,369</u>	<u>\$ 144,847</u>	<u>\$ 852,134</u>
EXPENDITURES:							
Current-							
Salaries	\$ 1,870	\$ 76,807	\$ 91,120	\$ 103,041	\$ 126,083	\$ 87,735	\$ 486,656
Fringe	143	5,873	6,971	7,882	9,645	6,563	37,077
Meals-							
Raw Food	950	55,042	55,042	0	7,509	5,785	124,328
Non-Edibles	0	7,120	7,120	0	0	0	14,240
Travel	2,118	0	0	227	21	6,004	8,370
Operating Services	24,403	21,979	30,003	18,183	22,125	24,384	141,077
Operating Supplies	13,299	355	403	1,294	3,517	355	19,223
Other Cost	27,468	525	525	201	600	280	29,599
Capital Outlay	3,992	0	0	0	0	0	3,992
In-kind Expenses	<u>0</u>	<u>5,070</u>	<u>4,180</u>	<u>0</u>	<u>0</u>	<u>17,000</u>	<u>26,250</u>
Total Expenditures	<u>\$ 74,243</u>	<u>\$ 172,771</u>	<u>\$ 195,364</u>	<u>\$ 130,828</u>	<u>\$ 169,500</u>	<u>\$ 148,106</u>	<u>\$ 890,812</u>
Excess (Deficiency) of							
Revenues over Expenditures	<u>\$ 196,279</u>	<u>\$ (94,111)</u>	<u>\$ (115,200)</u>	<u>\$ (17,256)</u>	<u>\$ (5,131)</u>	<u>\$ (3,259)</u>	<u>\$ (38,678)</u>

Red River Council on Aging, Inc.
Statement of Revenues, Expenditures,
and Changes in Fund Balances-Governmental Funds
For the Year Ended June 30, 2017

	Major Funds						Total Governmental Funds
	General Fund	Title III C-1	Title III C-2	Section 5311	Adult Daycare	Non-Major Funds	
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	\$ 18,286	\$ 94,011	\$ 115,093	\$ 24,411	\$308,332	\$ 37,293	\$ 597,426
Operating Transfers Out	<u>(536,276)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(30,051)</u>	<u>(31,099)</u>	<u>(597,426)</u>
Total Other Financing Sources and (Uses)	<u>\$(517,990)</u>	<u>\$ 94,011</u>	<u>\$ 115,093</u>	<u>\$ 24,411</u>	<u>\$278,281</u>	<u>\$ 6,194</u>	<u>\$ 0</u>
Net Increase (Decrease) in Fund Balance	\$ (321,711)	\$ (100)	\$ (107)	\$ 7,155	\$273,150	\$ 2,935	\$ (38,678)
FUND BALANCES:							
Beginning of Year	<u>498,965</u>	<u>6,815</u>	<u>7,757</u>	<u>0</u>	<u>(269,263)</u>	<u>4,107</u>	<u>248,381</u>
End of Year	<u>\$177,254</u>	<u>\$ 6,715</u>	<u>\$ 7,650</u>	<u>\$ 7,155</u>	<u>\$ 3,887</u>	<u>\$ 7,042</u>	<u>\$209,703</u>

Red River Council on Aging, Inc.
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Net Decrease in Fund Balance - Governmental Funds \$(38,678)

Amounts reported for Governmental Activities
in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as expenditures.

However, in the Statement of Activities, the cost of these
assets is allocated over their estimated useful lives as
depreciation expense. The cost of capital assets recorded
in the current period is

3,992

Depreciation expense on capital assets is reported in the
Government-wide financial statements, but does not
require the use of current financial resources and is not
reported in the Fund Financial Statements. Current year
depreciation expense is

(37,496)

Some expenses reported in the Statement of Activities
do not require the use of current financial resources
and therefore are not reported as expenditures
in governmental funds.

Change in Accrued Compensated Absences

1,495

Increase in net position of governmental activities

\$(70,687)

NOTES TO FINANCIAL STATEMENTS

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

Introduction

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 Red River Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish; to provide for a mutual exchange of ideas and information on the parish and state level; to conduct public meetings to make recommendations for needed improvements and additional resources; to promote the welfare of aging people when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) and other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Specific services provided by the Council to the elderly residents of Red River Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, home repairs, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

1. Summary of Significant Accounting Policies:

A. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. However, before the council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and are governed by the policies and regulations established by GOEA.

The Red River Council on Aging is a legally separate, non-profit, quasi-public corporation. A board of directors, consisting of 12 voluntary members, who serve three-year terms, governs the Council.

Membership in the Council is open at all times, without restriction, to all residents of Red River 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 No. 14, the Red River Council on Aging is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Codification Section 2100, the Council has presented its financial statements as a primary government, because it is a special-

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

A. Reporting Entity (continued)

government that has a separate governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the Council may, without approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. Included in its policies is a provision that the Council's budget be approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the Council and is more ministerial or compliance oriented than substantive.

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

B. Basis of Presentation

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Government-Wide Financial Statements

The Council's basic financial statements include both Government-Wide and Fund Financial Statements. Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. The Council's functions and programs have been classified as governmental activities.

In the Government-Wide Statement of Net Position, the governmental type activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. 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. Restricted net position consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net position includes all other net resources that do not meet the definition of "restricted" or "net investment in capital assets."

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

B. Basis of Presentation (continued)

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

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 allocates its indirect costs among various functions and programs in accordance with Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses." In addition, GOEA provides grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA funds are allocated to the Council's other functions and programs.

The Government-Wide Statements focus upon the Council's ability to sustain operations and the change in its net position resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the Council are reported in individual funds in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

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

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

C. Fund Financial Statements (continued)

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact.
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund has an unassigned fund balance of \$177,254. If applicable, the Council would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

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

The General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

C. Fund Financial Statements (continued)

The Council has established several special revenue funds. The following is a brief description of each special revenue fund's purpose:

Major Special Revenue Funds

Section 5311 Fund

The Section 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation for Nonurbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the Red River Parish Police Jury. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within Red River Parish. As part of calculating the operating costs of this program, the Council may apportion some of the in-kind contributions it receives as allowable transportation expenses. This provision results in the Council receiving cash reimbursement for costs that it did not spend cash for. Section 5311 funds are used as operating transfers to help pay for costs incurred in providing transportation services under the Council's various transportation programs.

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to the elderly.

Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound older persons.

Title XIX Adult Daycare Program

The Adult Daycare Program is used to provide adult daycare to the elderly.

Non-Major Special Revenue Funds

Title III C Area Agency Administration Fund

The Title III C Area Agency Administration Fund is used to account for a portion of the indirect costs of administering the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the council's special programs for the elderly. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

C. Fund Financial Statements (continued)

allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bear to direct costs for all programs.

Title III D Fund

The Title III D Fund is used to account for funds used for disease prevention and health promotion activities.

Title III E Fund

The Title III E Fund accounts for the resources and activities of the National Family Caregiver Support Program. The purpose of the program is to provide multifaceted systems of support services for the family caregivers and of older individuals who are relative caregivers.

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the council. The purpose of this program is to provide a community service center at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community.

Title III B Fund

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 program.

Utility Assistance Fund

The Utility Assistance Fund is used to account for the administration of utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on aging to provide assistance to the elderly for the payment of utility bills.

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

C. Fund Financial Statements (continued)

CACFP

The Child Adult Care Food Program is used to provide nutritional assistance to the Adult Daycare Program.

N.S.I.P. Fund

The Nutritional Services Incentive Program Fund is used to account for the administration of Nutrition Program for the Elderly funds provided through the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

Supplemental Senior Center Fund

The Supplemental Senior Center Fund was established to account for funds that were appropriated by the Louisiana Legislature for the various councils on aging throughout Louisiana to supplement each council's primary grant for senior center operations and activities.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

D. Measurement Focus and Basis of Accounting (continued)

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues "available" if 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.

E. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net position in the Government-Wide Financial Statements.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

G. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Position. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Building Improvements	20 years
Equipment	5-7 years
Vehicles	5 years
Computers	3 years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated.

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

H. Compensated Absences

The Council's policies for vacation time permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the Government-Wide Statements. The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year.

In contrast, the governmental funds in the Fund Financial Statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, no amounts have been accrued as fund liabilities as of year-end in the Fund Financial Statements.

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

H. Compensated Absences (continued)

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the Government-Wide Financial Statements relative to sick leave.

I. 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.

J. 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.

K. Elimination and Reclassifications

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

2. Budgets and Budgetary Accounting:

The Council follows these procedures in establishing the budgetary data reflected in these financial statements.

1. The Governor's Office of Elderly Affairs (GOEA) and other funding agencies notify the Council each year as to the funding levels for each program's grant award.
2. The Executive Director prepares a proposed budget based on the funding levels provided by GOEA and then submits the budget to the Board of Directors for approval.

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

2. Budgets and Budgetary Accounting (continued):

3. The Board of Directors reviews and adopts the budget before June 30 of the current year for the next year.
4. The adopted budget is forwarded to the Governor's Office of Elderly Affairs or other appropriate funding agency for final approval.
5. Most budgetary appropriations lapse at the end of each fiscal year (June 30).
6. The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
7. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.
8. Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
9. The Council may transfer funds between line items as often as required but must obtain prior approval from the respective funding agency for funds received under grants from each agency.

3. Cash in Bank:

The Council maintains a consolidated bank account that is available for use by all funds. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

The cash and cash equivalents of the Council are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Council will not be able to recover its deposits. 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 or exceed 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 Commission 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.

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

3. Cash in Bank (continued):

At year-end, the carrying amount of the Council's cash balances on the books was \$182,643 whereas the related bank cash balances totaled \$201,148. The difference in the book and bank balances for cash relates primarily to deposits made and checks written which did not clear the bank accounts by year-end. All bank balances were covered by federal depository insurance.

4. Revenue Receivable:

Revenue receivable at June 30, 2017, included the following funds:

<u>Program</u>	<u>Fund</u>	<u>Provider</u>	<u>Amount</u>
Section 5311	Special Revenue	DOTD/Other	\$17,946
Title XIX - ADHC	Special Revenue	DHH	8,543
LGAP	Special Revenue	LGAP	2,226
Supportive Services	Special Revenue	Other/Local	<u>405</u>
Total revenue receivable			<u>\$29,120</u>

5. Capital Assets:

A summary of changes in capital assets is as follows:

<u>Activities</u>	<u>Balance 07-01-16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-17</u>
Capital Assets Depreciated:				
Buildings	\$112,531	\$ 0	\$ 0	\$112,531
Furniture & Equipment	94,123	992	3,307	91,808
Leasehold Improvements	441,416	3,000	32,675	411,741
Vehicles	<u>248,839</u>	<u>0</u>	<u>0</u>	<u>248,839</u>
Total Assets	<u>\$896,909</u>	<u>\$ 3,992</u>	<u>\$35,982</u>	<u>\$864,919</u>
Less, Accumulated Depreciation:				
Buildings	\$102,883	\$ 2,939	\$ 0	\$105,822
Furniture & Equipment	89,853	3,568	3,307	90,114
Leasehold Improvements	228,194	18,772	0	246,966
Vehicles	<u>205,173</u>	<u>12,217</u>	<u>32,675</u>	<u>184,715</u>
Total Accumulated Depreciation	<u>\$616,103</u>	<u>\$ 37,496</u>	<u>\$35,982</u>	<u>\$627,617</u>
Net Capital Assets	<u>\$270,806</u>	<u>\$(33,504)</u>	<u>\$ 0</u>	<u>\$237,302</u>

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

5. Capital Assets (continued):

Depreciation expense for the year ended June 30, 2017, was charged as follows:

Local	\$ 11,113
Multipurpose Senior Centers	1,810
Nutrition Services:	
Congregate Meals (C-1)	4,626
Home Delivered Meals (C-2)	4,627
Section 5311	3,054
Adult Daycare – Title XIX	8,124
Supportive Services:	
Information & Assistance	272
Transportation	272
Homemaker	272
Outreach	272
Medical Transportation	<u>3,054</u>
 Total	 <u>\$37,496</u>

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

6. Interfund Transfers:

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of governmental funds. The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 18,286	\$536,276
Special Revenue Funds-		
Title III C-1	94,011	0
Title III C-2	115,093	0
Title XIX – Adult Daycare	308,332	30,051
Section 5311	24,411	0
Supplemental Senior Center	0	10,913
Multipurpose Senior Centers	2,812	0
Supportive Services	34,477	0
Disease Prevention	1	0
Nutritional Services Incentives	0	20,186
AAA	<u>3</u>	<u>0</u>
Totals	<u>\$597,426</u>	<u>\$597,426</u>

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

6. Interfund Transfers (continued):

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the other funds 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.

7. Ad Valorem Taxes:

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Council in June or July and are actually billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are recognized as revenue when billed.

The Red River Parish Sheriff's Office bills and collects property tax for the Council. Collections are remitted to the Council monthly.

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	January 31
Lien date	January 31
Tax Sale	May 15

The Council is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose after the approval by the voters of the Parish. Assessed values are established by the Red River Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

For the year ended June 30, 2017, taxes of 0.95 mills were levied on property with an assessed valuation totaling \$245,081,370 and were dedicated to the Council on Aging's senior citizen programs. Louisiana law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$11,304,760 of the assessed value in 2016.

Total taxes collected were \$213,831 after small adjustments were made to the original tax roll.

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

8. Changes in General Long-term Obligations – Compensated Absences:

The following is a summary of the changes in long-term obligations for accrued compensated absences for the year ended June 30, 2017:

Long-term obligations	
Payable at July 1, 2016	\$54,323
Net Change	<u>(1,495)</u>
Long-term obligations	
Payable at June 30, 2017	<u>\$52,828</u>

9. Board of Directors' Compensation:

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for any out-of-pocket costs they might incur on behalf of the Council in accordance with the Council's applicable reimbursement policy.

10. In-Kind Contributions:

The Council received \$26,250 in various in-kind contributions during the year, which have been valued at their estimated fair market value, and presented in this report as revenue. Related expenditures, equal to the in-kind revenues, have also been presented, thereby producing no effect on net income (loss) in the governmental fund types.

11. 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 Form 990 *Return of Organization Exempt from Income Tax* is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

12. Economic Dependency:

The Council receives the majority 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.

Red River Council on Aging, Inc.
Notes to Financial Statements
June 30, 2017

13. Related Party Transactions:

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

14. Risk Management:

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error 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 year 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. Contingencies:

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the 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.

16. Subsequent Events:

Management has evaluated events through November 17, 2017, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

Red River Council on Aging, Inc.
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes-				
Ad Valorem Tax	\$ 200,000	\$ 210,000	\$ 213,831	\$ 3,831
Intergovernmental-				
Office of the Governor-GOEA	37,500	37,500	37,500	0
Red River Parish Police Jury	12,000	12,000	11,435	(565)
Miscellaneous-				
Other/Local Funds	9,000	5,000	5,165	165
Rent Income	<u>15,000</u>	<u>3,000</u>	<u>2,591</u>	<u>(409)</u>
Total Revenues	<u>\$ 273,500</u>	<u>\$ 267,500</u>	<u>\$ 270,522</u>	<u>\$ 3,022</u>
EXPENDITURES:				
Current -				
Salaries	\$ 0	\$ 0	\$ 1,870	\$(1,870)
Fringe	0	0	143	(143)
Travel	0	2,000	2,118	(118)
Operating Services	20,000	25,000	24,403	597
Operating Supplies	5,000	12,000	14,249	(2,249)
Other Costs	10,000	30,000	27,468	2,532
Capital Outlay	<u>9,000</u>	<u>4,000</u>	<u>3,992</u>	<u>8</u>
Total Expenditures	<u>\$ 44,000</u>	<u>\$ 73,000</u>	<u>\$ 74,243</u>	<u>\$(1,243)</u>
Excess of Revenues over Expenditures	<u>\$ 229,500</u>	<u>\$ 194,500</u>	<u>\$ 196,279</u>	<u>\$ 1,779</u>
OTHER FINANCING SOURCES(USES):				
Operating Transfers In	\$ 0	\$ 18,000	\$ 18,286	\$ 286
Operating Transfers (Out)	<u>(229,500)</u>	<u>(534,000)</u>	<u>(536,276)</u>	<u>(2,276)</u>
Total Other Financing Uses	<u>\$(229,500)</u>	<u>\$(516,000)</u>	<u>\$(517,990)</u>	<u>\$(1,990)</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ (321,500)	\$(321,711)	\$ (211)
Fund Balance-Beginning of Year	<u>498,965</u>	<u>498,965</u>	<u>498,965</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 498,965</u>	<u>\$ 177,465</u>	<u>\$ 177,254</u>	<u>\$ (211)</u>

See notes to the financial statements.

Red River Council on Aging, Inc.
Title III C-1
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental-				
Office of the Governor-GOEA	\$ 23,102	\$ 23,102	\$ 23,102	\$ 0
Miscellaneous-				
Participant Contributions	55,310	49,898	50,488	590
In-kind Contributions	<u>5,070</u>	<u>5,070</u>	<u>5,070</u>	<u>0</u>
Total Revenues	<u>\$ 83,482</u>	<u>\$ 78,070</u>	<u>\$ 78,660</u>	<u>\$ 590</u>
EXPENDITURES:				
Current-				
Salaries	\$ 76,970	\$ 76,792	\$ 76,807	\$ (15)
Fringe	6,333	6,341	5,873	441
Travel	49	49	0	49
Operating Services	23,311	22,155	21,979	176
Operating Supplies	64,872	64,868	62,517	2,351
Other Costs	525	525	525	0
In-kind Expenses	<u>5,070</u>	<u>5,070</u>	<u>5,070</u>	<u>0</u>
Total Expenditures	<u>\$177,130</u>	<u>\$175,773</u>	<u>\$172,771</u>	<u>\$ 3,002</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (93,648)</u>	<u>\$ (97,703)</u>	<u>\$ (94,111)</u>	<u>\$ 3,592</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	<u>\$ 93,648</u>	<u>\$ 97,703</u>	<u>\$ 94,011</u>	<u>\$(3,692)</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ 0	\$ (100)	\$ (100)
Fund Balance-Beginning of Year	<u>6,815</u>	<u>6,815</u>	<u>6,815</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 6,815</u>	<u>\$ 6,815</u>	<u>\$ 6,715</u>	<u>\$ (100)</u>

See notes to the financial statements.

Red River Council on Aging, Inc.
Title III C-2
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental-				
Office of the Governor-GOEA	\$ 43,496	\$ 43,496	\$ 43,496	\$ 0
Miscellaneous-				
Participant Contributions	32,138	33,437	32,488	(949)
In-kind Contributions	<u>4,180</u>	<u>4,180</u>	<u>4,180</u>	<u>0</u>
Total Revenues	<u>\$ 79,814</u>	<u>\$ 81,113</u>	<u>\$ 80,164</u>	<u>\$ (949)</u>
EXPENDITURES:				
Current-				
Salaries	\$ 91,273	\$ 91,086	\$ 91,120	\$ (34)
Fringe	7,510	7,490	6,971	519
Travel	56	55	0	55
Operating Services	31,582	30,418	30,003	415
Operating Supplies	64,921	64,917	62,565	2,352
Other Costs	525	525	525	0
In-kind Expenses	<u>4,180</u>	<u>4,180</u>	<u>4,180</u>	<u>0</u>
Total Expenditures	<u>\$ 200,047</u>	<u>\$ 198,671</u>	<u>\$ 195,364</u>	<u>\$ 3,307</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(120,233)</u>	<u>\$(117,558)</u>	<u>\$(115,200)</u>	<u>\$ 2,358</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	<u>\$ 120,233</u>	<u>\$ 117,558</u>	<u>\$ 115,093</u>	<u>\$(2,465)</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ 0	\$ (107)	\$ (107)
Fund Balance-Beginning of Year	<u>7,757</u>	<u>7,757</u>	<u>7,757</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 7,757</u>	<u>\$ 7,757</u>	<u>\$ 7,650</u>	<u>\$ (107)</u>

See notes to the financial statements.

Red River Council on Aging, Inc.
Notes to Required Supplementary Information
Year Ended June 30, 2017

Note 1. Budgetary Comparison Schedules

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.

Budgetary Comparison Schedules are not presented for the Section 5311 and Adult Daycare funds as the Council is not legally required to adopt a budget for these funds.

For the year ended June 30, 2017, the Title III C-1 fund presents a \$94,111 excess of expenditures over appropriations, and the Title III C-2 fund presents a \$115,200 excess of expenditures over appropriations. These excesses are covered by transfers in from the Millage Tax fund.

OTHER SUPPLEMENTARY INFORMATION

Red River Council on Aging, Inc.
Non-Major Special Revenue Funds
Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2017

	Supplemental Senior Center	Multipurpose Senior Centers	Supportive Services	Caregiver Support	Disease Prevention and Health Promotion
REVENUES:					
Intergovernmental-					
Office of the Governor-GOEA	\$ 10,913	\$25,000	\$ 34,581	\$10,561	\$2,758
La. Dept. of Education	0	0	0	0	0
La. Dept. of Family Support	0	0	0	0	0
Miscellaneous-					
Participant Contributions	0	0	6,523	0	0
Other/Local Funds	0	0	0	0	0
In-kind Contributions	<u>0</u>	<u>3,740</u>	<u>6,010</u>	<u>0</u>	<u>50</u>
Total Revenues	<u>\$ 10,913</u>	<u>\$28,740</u>	<u>\$ 47,114</u>	<u>\$10,561</u>	<u>\$2,808</u>
EXPENDITURES:					
Current-					
Salaries	\$ 0	\$16,344	\$ 55,728	\$ 8,232	\$2,022
Fringe	0	1,250	4,263	630	6
Meals	0	0	0	0	0
Travel	0	0	5,254	750	0
Operating Services	0	10,168	8,483	934	729
Operating Supplies	0	58	152	22	2
Other Costs	0	0	280	0	0
In-kind Expenses	<u>0</u>	<u>3,740</u>	<u>6,010</u>	<u>0</u>	<u>50</u>
Total Expenditures	<u>\$ 0</u>	<u>\$31,560</u>	<u>\$ 80,170</u>	<u>\$10,568</u>	<u>\$2,809</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 10,913</u>	<u>\$ (2,820)</u>	<u>\$(33,056)</u>	<u>\$ (7)</u>	<u>\$ (1)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 0	\$ 2,812	\$ 34,475	\$ 0	\$ 1
Operating Transfers Out	<u>(10,913)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$(10,913)</u>	<u>\$ 2,812</u>	<u>\$ 34,475</u>	<u>\$ 0</u>	<u>\$ 1</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ (8)	\$ 1,419	\$ (7)	\$ 0
Fund Balance-Beginning of Year	<u>0</u>	<u>1,113</u>	<u>1,561</u>	<u>422</u>	<u>32</u>
Fund Balance-End of Year	<u>\$ 0</u>	<u>\$ 1,105</u>	<u>\$ 2,890</u>	<u>\$ 415</u>	<u>\$ 32</u>

See notes to financial statements.

Continued on next page.

Red River Council on Aging, Inc.
Non-Major Special Revenue Funds
Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2017

	<u>AAA</u>	<u>CACFP</u>	<u>Utility Assistance</u>	<u>Nutritional Services Incentive Plan</u>	<u>Total</u>
REVENUES:					
Intergovernmental-					
Office of the Governor-GOEA	\$10,736	\$ 0	\$ 0	\$ 20,186	\$114,735
La. Dept. of Education	0	5,785	0	0	5,785
La. Dept. of Family Support	0	0	0	0	0
Miscellaneous-					
Participant Contributions	0	0	0	0	6,523
Other/Local Funds	0	0	804	0	804
In-kind Contributions	<u>7,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,000</u>
Total Revenues	<u>\$17,936</u>	<u>\$5,785</u>	<u>\$804</u>	<u>\$ 20,186</u>	<u>\$144,847</u>
EXPENDITURES:					
Current-					
Salaries	\$ 5,409	\$ 0	\$ 0	\$ 0	\$ 87,735
Fringe	414	0	0	0	6,563
Meals	0	5,785	0	0	5,785
Travel	0	0	0	0	6,004
Operating Services	3,266	0	804	0	24,384
Operating Supplies	121	0	0	0	355
Other Costs	0	0	0	0	280
In-kind Expenses	<u>7,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,000</u>
Total Expenditures	<u>\$16,410</u>	<u>\$5,785</u>	<u>\$804</u>	<u>\$ 20,186</u>	<u>\$148,106</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 1,526</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,186</u>	<u>\$ (3,259)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 5	\$ 0	\$ 0	\$ 0	\$ 37,293
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>(20,186)</u>	<u>(31,099)</u>
Total Other Financing	<u>\$ 5</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(20,186)</u>	<u>\$ 6,194</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 1,531	\$ 0	\$ 0	\$ 0	\$ 2,935
Fund Balance-Beginning of Year	<u>721</u>	<u>258</u>	<u>0</u>	<u>0</u>	<u>4,107</u>
Fund Balance-End of Year	<u>\$ 2,252</u>	<u>\$ 258</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,042</u>

See notes to financial statements.

Red River Council on Aging, Inc.
Comparative Schedule of General Fixed Assets
and Changes in General Fixed Assets
For the Year Ended June 30, 2017

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
GENERAL FIXED ASSETS:				
Buildings	\$112,531	\$ 0	\$ 0	\$112,531
Furniture & Equipment	94,123	992	3,307	91,808
Leasehold Improvements	441,416	3,000	32,675	411,741
Vehicles	<u>248,839</u>	<u>0</u>	<u>0</u>	<u>248,839</u>
Total	<u>\$896,909</u>	<u>\$ 3,992</u>	<u>\$35,982</u>	<u>\$864,919</u>
INVESTMENT IN GENERAL FIXED ASSETS:				
FTA Section	\$248,839	\$ 0	\$32,675	\$216,164
Adult Daycare – Title XIX	2,484	0	0	2,484
CACFP Funds	2,268	0	0	2,268
Personal Care	1,352	0	0	1,352
Local Funds	166,331	0	3,307	163,024
La Government Assistance Program Grant	100,714	3,992	0	114,706
Rural Development Grant	147,601	0	0	147,601
Donated Assets	1,266	0	0	1,266
Insurance	90,217	0	0	90,217
Encana	21,878	0	0	21,878
Capital Improvements	41,386	0	0	41,386
Act 735 (PCOA)	41,656	0	0	41,656
Millage Tax	<u>20,917</u>	<u>0</u>	<u>0</u>	<u>20,917</u>
Total Investment in General Fixed Assets	<u>\$896,909</u>	<u>\$ 3,992</u>	<u>\$35,982</u>	<u>\$864,919</u>

See notes to financial statements.

Red River Council on Aging, Inc.
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2017

Agency Head Name: Elizabeth Cannon, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$68,765
Benefits – SS/Medicare	5,261
Benefits – Insurance	0
Benefits – Retirement	0
Deferred Compensation	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per diem	0
Reimbursements	1,150
Travel	0
Conference travel	701
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$75,877</u>

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

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

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

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

To the Board of Directors of
Red River Council on Aging, Inc.
Coushatta, Louisiana 71019

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Red River Council on Aging's (Council) basic financial statements and have issued our report thereon dated November 17, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control that we consider to be a significant deficiency, described in the accompanying Schedule of Audit Findings as *Item 2017-001 – Segregation of Duties*.

Compliance and Other Matters

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

Management's Response to Finding

Red River Council on Aging, Inc.'s response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings. This response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

November 17, 2017
Natchitoches, Louisiana

Red River Council on Aging, Inc.
Schedule of Audit Findings and Responses
Year Ended June 30, 2017

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Red River Council on Aging, Inc. as of and for the year ended June 30, 2017.
2. The audit disclosed one significant deficiency in internal control which was not determined to be a material weakness, identified as finding *2017-001 – Segregation of Duties*.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2017-001 Segregation of Duties

Criteria – Proper internal controls dictate that duties be segregated so that no one individual performs or controls all duties related to the accounting system.

Condition – In reviewing the internal control structure, we noted that Red River Council on Aging, Inc. does not have adequate segregation of duties with respect to all areas of the accounting function.

Cause – Due to a lack of funds, Red River Council on Aging does not have a sufficient number of employees to adequately separate accounting duties or to prepare the Council's annual financial statements with related note disclosures.

Effect – Without adequate segregation of duties and oversight, intentional or unintentional errors could be made and not detected within the accounting system, increasing the risk of loss or theft of the Council's assets.

Recommendation – Keeping in mind the limited number of employees to which the duties can be assigned, and since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, the Council should monitor assignment of duties to assure as much segregation of duties and responsibilities as possible.

Management's Response – Management has provided as much segregation as possible with the resources available and will continue to monitor assignment and segregation of duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined it is in the best interest of the Council to have our independent auditors prepare our financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Red River Council on Aging, Inc.
Schedule of Audit Findings and Responses (continued)
Year Ended June 30, 2017

III. PRIOR YEAR FINDINGS

2016-001 Segregation of Duties

Condition – In reviewing the internal control structure, we noted that Red River Council on Aging, Inc. does not have adequate segregation of duties with respect to all areas of the accounting function.

Status–At June 30, 2017, this condition has not cleared. See Finding *2017-001*.

Johnson, Thomas & Cunningham

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

To the Board of Directors of
Red River Council on Aging, Inc.
Coushatta, Louisiana 71019

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

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

Our procedures and associated findings are enumerated below.

Written Policies and Procedures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This section is not applicable to the Council.

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

This section is not applicable to the Council.

Board (or Finance Committee, if applicable)

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

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

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

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

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

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

Deficit spending during the fiscal period is eliminated by the transfer of millage tax collections.

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

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

Bank Reconciliations

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

We were provided with the listing by management.

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

- Bank reconciliations have been prepared;

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

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

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

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

Not applicable – There were no items outstanding for more than 6 months at the end of the fiscal period.

Collections

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

Management provided the listing as requested.

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

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

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

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

Management provided the documentation for the selected locations and the Council does have written policies and procedures related to the reconciliation of cash collections to the general ledger, by a person who is not responsible for cash collections.

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

Management provided the required documentation for the selected deposits. The Council does not have set procedures that allow deposits to be made within one day. They typically deposit collections on a weekly basis (due to the small amount of daily collections), with money being kept in a locked cabinet in the Executive Director's office until deposited. We noted that deposits were made within 1 to 7 business days of collection.

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

Collection documentation was obtained and no exceptions were noted.

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

Management provided the written procedures for collections, which addresses the process to determine completeness of collections.

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

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

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

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

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

We identified one transaction for which a purchase order was required but not issued. All other purchase disbursements selected were initiated using a purchase order system. Included in the selection were recurring routine transactions that did not require purchase orders based on the Council's policies and procedures.

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

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

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

Other than the issues noted above, all appropriate documentation was provided for each applicable selection, without exception.

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

Not applicable. The Council's utilizes a manual purchase order system; however, vendors are approved by the Executive Director, not the person responsible for processing payments.

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

We obtained the required documentation and noted that persons with signatory authority are not responsible for recording purchases. We noted that one person with signatory authority did have the ability to initiate purchases, however, all checks require two signatures which include a board member who does not initiate purchases.

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

We noted all unused checks are kept in a locked cabinet in the Executive Director's office. She is the only person with a key and does have signatory authority.

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

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

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

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

Management provided the required listing, noting only fuel credit cards for the Council vans.

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

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

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

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

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

No finance charges or fees were noted.

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

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

Original fuel receipts were provided for each transaction selected.

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

No exceptions noted.

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

No exceptions noted.

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

We noted no exceptions in the selected transactions.

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

We noted no exceptions in the selected transactions.

Travel and Expense Reimbursement

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

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

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

Policies were obtained. No amounts listed exceed GSA rates.

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

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

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

- Report whether each expense is supported by:

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

We were provided with an itemized receipt for each of the selected transactions, without exception.

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

No exceptions noted.

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

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

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

We noted no exceptions in the selected transactions.

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

No exceptions noted.

Contracts

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

Management provided the requested listing and representation.

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

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

One contract was identified. A formal/written contract was provided to support the agreement.

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

No noncompliance noted.

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

We noted no amendment to the contract selected.

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

No exceptions noted.

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

No exceptions noted.

Payroll and Personnel

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

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

No exceptions noted.

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

No changes were made to pay rates during the fiscal period.

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

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

All of the 7 employees selected (one-third of 21 total employees) documented daily attendance and leave.

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

Supervisory approvals were noted on all selections, without exception.

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

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

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Only one employee terminated during the fiscal period. In accordance with the Council's policies, this individual was not eligible for termination payments.

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

We noted no exceptions with regards to payroll taxes for the fiscal period. The Council does not participate in any retirement plan.

Ethics (excluding nonprofits)

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

Not applicable – The Council is a nonprofit entity and is excluded from completing the ethics training.

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

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

Debt Service (excluding nonprofits)

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

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

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

The Council had no outstanding debt during the fiscal period.

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

The Council had no tax millages related to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, we obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

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

We viewed the notice required by R.S. 24:523.1 posted on the Council's premises. The Council does not have a website.

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

Not applicable – no exceptions noted.

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

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

Respectfully,

Johnson, Thomas + Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's

November 17, 2017
Natchitoches, Louisiana

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

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

- Item 4: The Council will implement procedures to ensure that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.
- Item 9: Effective in December, 2017, the Council updated its purchasing policies and procedures to require approved purchase requisitions for all purchases. The exception noted in this paragraph involved a transaction that occurred prior to the updated purchasing policy.
- Item 12: The Council will restrict access of the supply of unused checks to those persons that do not have signatory authority.