

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

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2019**

Red River Council on Aging, Inc.  
Coushatta, Louisiana

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Red River Council on Aging, Inc.  
Coushatta, Louisiana

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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 (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2019. 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.

### Financial Highlights

- The Council showed an increase in overall net position of \$31,158 or 11.24%.
- Net investment in capital assets of the Council increased by \$9,400 or 4.5%.
- Administrative expenses decreased by \$15,074 or 24.7%.
- The unassigned fund balance for the Council's General Fund increased by \$25,728 at year end, which is a 22% increase from the prior year.
- Fund revenues increased by \$99,222 or 12.8%.
- Fund expenditures decreased by \$48,898 or 5.49%.
- No deficit fund balances existed at year end.
- The Council has no long-term debt.

### Reporting the Council as a Whole Using Government-Wide Statements

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.

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 19-33. 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 grant income was less than originally budgeted. Operating expenses were also less than originally budgeted.

The actual revenues were \$9,863 more than the final budgeted amounts and the actual expenditures were \$937 more than the final budgeted amounts.

For the year ended June 30, 2019, revenues and expenditures were within the 5% variance allowed.

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 40 through 42. 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.

### **Supplementary Information Required by State Law**

Act 706 of the 2014 Louisiana Legislative session amended Louisiana Revised Statute 24:513(A)(3) to require a supplementary Schedule of Compensation, Reimbursements, Benefits and Other Payments to the Agency Head or Chief Executive Officer. This information is designed to permit the public to see what the agency's head has been paid or reimbursed during the year. The objective is to make the Council's expenditures more transparent.

### **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, 2019 and June 30, 2018:

	<u>2019</u>	<u>2018</u>
Assets:		
Cash & Cash Equivalents	\$154,959	\$125,829
Revenue Receivables	27,431	17,495
Prepaid Expenses	0	7,335
Capital Assets, Net	<u>218,222</u>	<u>208,822</u>
Total Assets	<u>\$400,612</u>	<u>\$359,481</u>
Liabilities:		
Cash Overdraft	\$ 26,386	\$ 13,978
Accounts Payable	13,763	12,628
Compensated Absences	<u>52,095</u>	<u>55,665</u>
Total Liabilities	<u>\$ 92,244</u>	<u>\$ 82,271</u>
Net Position:		
Net Investment in Capital Assets	\$218,222	\$208,822
Restricted	0	0
Unrestricted	<u>90,146</u>	<u>68,388</u>
Total Net Position	<u>\$308,368</u>	<u>\$277,210</u>

As of June 30, 2019, the Council "as a whole" had assets greater than its liabilities by \$308,368. This is an increase of \$31,158 from prior year.

### Summary of Statement of Activities

	<u>2019</u>	<u>2018</u>
Revenues:		
Program Revenues-		
Operating Grants and Contributions	\$620,529	\$ 528,437
General Revenues-		
Ad Valorem Taxes	215,365	208,235
Unrestricted Grants and Contributions	<u>37,500</u>	<u>37,500</u>
Total Revenues	<u>\$873,394</u>	<u>\$ 774,172</u>
 Program Expenses of the Health, Welfare, and Social Services Function:		
Supportive Services-		
Other Supportive Services	\$347,784	\$ 365,271
Homemaker	47,441	45,198
Information and Assistance	329	8,279
Legal Assistance	921	896
Outreach	1,657	1,604
Transportation	34,140	26,571
Nutrition Services-		
Congregate Meals	167,498	177,405
Home Delivered Meals	191,991	201,474
Utility Assistance	1,023	615
Disease Prevention and Health Promotion	3,522	2,817
Administration Expenses	<u>45,930</u>	<u>61,004</u>
Total Expenses	<u>\$842,236</u>	<u>\$ 891,134</u>
 Change in Net Position	 <u>\$ 31,158</u>	 <u>\$ (116,962)</u>

The Council's total revenues increased by \$99,222 or 12.8% from prior year. Total expenses decreased by \$48,898 or 5.49% from prior year.

### Capital Assets

The Council's investments in capital assets for its governmental activities as of the end of this year and last year are illustrated in the following table.

	<u>Capital Assets, Net of Depreciation</u>		
	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>
Buildings	\$ 5,717	\$ 6,213	\$ (496)
Furniture & Equipment	1,870	4,150	(2,280)
Leasehold Improvements	131,877	147,444	(15,567)
Vehicles	78,758	51,015	27,743
	<u>\$218,222</u>	<u>\$208,822</u>	<u>\$ 9,400</u>

This year the Council purchased a replacement transportation vehicle at a cost of \$39,561. Federal Transit Administration (FTA) paid 85% of the cost of the new vehicle, and the Council's share of the cost was \$5,341.

## **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 Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Consideration of the proceeds to be received from property tax revenues.
- Consideration of other funding from the GOEA, other grants and private contributions.
- Salaries based on the number of employees needed to provide services and the related fringe benefits.
- The extent of travel reimbursements.
- The demand for particular services the Council provides and related costs.
- Estimate of operating supplies needed to perform necessary services.
- The need to purchase new or replacement vehicles and other capital assets.

The Council receives most of its funding from federal, state and local agencies, as well as its property tax. 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. Management is not aware of any significant increases or decreases associated with any of the usual revenue sources that will impact next year's budget.

### 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.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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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, 2019, 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, 2019, 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 (pages 1 through 5) and budgetary comparison information (pages 35 through 38) 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary 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 accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds, and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis by the Governor's Office of Elderly Affairs (GOEA). In addition, Louisiana Revised Statute 24:513(A)(3), as amended, requires the Council to present a supplementary schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer for the fiscal year. These schedules are not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, this supplementary information is fairly stated in all material respects in relation to the basic 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 October 18, 2019, 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.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier  
*Certified Public Accountants*

October 18, 2019  
Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Red River Council on Aging, Inc.  
Statement of Net Position  
June 30, 2019

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$154,959
Revenue Receivable	27,431
Noncurrent Assets-	
Capital Assets, Net of Accumulated Depreciation	<u>218,222</u>
Total Assets	<u>\$400,612</u>
LIABILITIES:	
Current Liabilities-	
Cash Overdraft	\$ 26,386
Accounts Payable	13,763
Noncurrent Liabilities-	
Accrued Compensated Absences	<u>52,095</u>
Total Liabilities	<u>\$ 92,244</u>
NET POSITION:	
Net Investment in Capital Assets	\$218,222
Unrestricted	<u>90,146</u>
Total Net Position	<u>\$308,368</u>

See independent auditor's report and notes to financial statements.

Red River Council on Aging, Inc.  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2019

Function/Program Activities	Direct Expenses	Indirect Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
			Charges for Services	Operating Grants and Contributions	
Governmental Activities:					
Health, Welfare & Social Services-					
Supportive Services-					
Title III-B-					
Information & Assistance	\$ 146	\$ 183	\$0	\$ 104	\$ (225)
Transportation	27,841	6,299	0	19,853	(14,287)
Homemaker	37,328	10,113	0	26,618	(20,823)
Legal Assistance	921	0	0	657	(264)
Outreach	1,296	361	0	924	(733)
Nutrition Services-					
Congregate Meals (C-1)	134,439	33,059	0	80,659	(86,839)
Home Delivered Meals (C-2)	153,977	38,014	0	89,097	(102,894)
Multipurpose Senior Center	28,143	5,829	0	39,652	5,680
Area Agency Administration	20,810	0	0	18,427	(2,383)
Adult Daycare (XIX)	144,022	0	0	158,418	14,396
Utility Assistance Fund	1,023	0	0	818	(205)
National Family Caregiver Support	8,965	2,711	0	11,040	(636)
Disease Prevention & Health Promotion	2,195	1,327	0	3,363	(159)
Medical Transport	3,358	0	0	1,393	(1,965)
Nutritional Services Incentives Program	0	0	0	19,274	19,274
Section 5311	133,946	0	0	136,734	2,788
Administration	<u>45,930</u>	<u>0</u>	<u>0</u>	<u>13,498</u>	<u>(32,432)</u>
Total Governmental Activities	<u>\$744,340</u>	<u>\$97,896</u>	<u>\$0</u>	<u>\$620,529</u>	<u>\$(221,707)</u>
General Revenues:					
Taxes-					
Ad Valorem					
Grants and Contributions not restricted to specific programs					
Total General Revenues					
Change in Net Position					
Net Position July 1, 2018					
Net Position June 30, 2019					

## FUND FINANCIAL STATEMENTS

Red River Council on Aging, Inc.  
Balance Sheet-Governmental Funds  
June 30, 2019

	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	\$142,690	\$5,350	\$5,991	\$ 0	\$ 0	\$ 928	\$154,959
Revenue Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,496</u>	<u>19,935</u>	<u>0</u>	<u>27,431</u>
Total Assets	<u>\$142,690</u>	<u>\$5,350</u>	<u>\$5,991</u>	<u>\$7,496</u>	<u>\$19,935</u>	<u>\$928</u>	<u>\$182,390</u>
Liabilities:							
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$7,347	\$19,039	\$ 0	\$ 26,386
Accounts Payable	<u>449</u>	<u>5,350</u>	<u>5,991</u>	<u>149</u>	<u>896</u>	<u>928</u>	<u>13,763</u>
Total Liabilities	<u>\$ 449</u>	<u>\$5,350</u>	<u>\$5,991</u>	<u>\$7,496</u>	<u>\$19,935</u>	<u>\$928</u>	<u>\$ 40,149</u>
Fund Balances:							
Restricted for:							
Nutrition Services-Meals	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unassigned	<u>142,241</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>142,241</u>
Total Fund Balance	<u>\$142,241</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$142,241</u>
Total Liabilities and Fund Balance	<u>\$142,690</u>	<u>\$5,350</u>	<u>\$5,991</u>	<u>\$7,496</u>	<u>\$19,935</u>	<u>\$928</u>	<u>\$182,390</u>

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

Net Position of Governmental Funds at June 30, 2019:	\$142,241
- Compensated absences are not paid out of current financial resources and therefore are not reported as liabilities in the governmental funds	(52,095)
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds	<u>218,222</u>
Net Position of Governmental Activities at June 30, 2019	<u>\$308,368</u>

See independent auditor's report and notes to financial statements.

Red River Council on Aging, Inc.  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances-Governmental Funds  
For the Year Ended June 30, 2019

	Major Funds						Total Governmental Funds
	<u>General Fund</u>	<u>Title III C-1</u>	<u>Title III C-2</u>	<u>Section 5311</u>	<u>Adult Daycare</u>	<u>Non-Major Funds</u>	
REVENUES:							
Taxes-							
Ad Valorem Tax	\$ 215,365	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 215,365
Intergovernmental-							
Governor's Office of Elderly Affairs	37,500	24,371	44,318	0	0	116,571	222,760
La. Dept. of Health & Hospitals	0	0	0	0	158,418	0	158,418
La. Dept. of Transportation	0	0	0	127,525	0	0	127,525
Miscellaneous-							
Other/Local Funds	13,498	0	0	0	0	2,211	15,709
Participant Contributions	0	51,218	40,599	9,209	0	6,341	107,367
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>\$ 266,363</u>	<u>\$ 80,659</u>	<u>\$ 89,097</u>	<u>\$ 136,734</u>	<u>\$ 158,418</u>	<u>\$ 142,123</u>	<u>\$ 873,394</u>
EXPENDITURES:							
Current-							
Salaries	\$ 0	\$ 71,690	\$ 87,484	\$ 102,407	\$ 96,381	\$ 86,796	\$ 444,758
Fringe	0	5,775	6,985	7,834	7,373	6,878	34,845
Meals-							
Raw Food	0	50,971	50,970	0	7,902	0	109,843
Non-Edibles	0	6,971	6,971	0	0	0	13,942
Travel	2,109	0	0	0	51	5,103	7,263
Operating Services	6,303	22,867	31,366	14,985	22,894	37,492	135,907
Operating Supplies	11,211	403	410	197	2,874	1,562	16,657
Other Cost	19,988	481	481	830	3,156	1,152	26,088
Capital Outlay	5,934	0	0	33,627	0	0	39,561
Debt Services	15,092	0	0	0	0	0	15,092
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>\$ 60,637</u>	<u>\$ 164,228</u>	<u>\$ 188,847</u>	<u>\$ 159,880</u>	<u>\$ 140,631</u>	<u>\$ 155,983</u>	<u>\$ 870,206</u>
Excess (Deficiency) of							
Revenues over Expenditures	<u>\$ 205,726</u>	<u>\$ (83,569)</u>	<u>\$ (99,750)</u>	<u>\$ (23,146)</u>	<u>\$ 17,787</u>	<u>\$ (13,860)</u>	<u>\$ 3,188</u>

Red River Council on Aging, Inc.  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances-Governmental Funds (continued)  
For the Year Ended June 30, 2019

	Major Funds						Total Governmental Funds
	<u>General Fund</u>	<u>Title III C-1</u>	<u>Title III C-2</u>	<u>Section 5311</u>	<u>Adult Daycare</u>	<u>Non-Major Funds</u>	
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	\$ 6,871	\$ 82,987	\$ 99,183	\$ 23,146	\$ 9,429	\$ 37,655	\$ 259,271
Loan Proceeds	15,000	0	0	0	0	0	15,000
Operating Transfers Out	<u>(201,869)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(27,216)</u>	<u>(30,186)</u>	<u>(259,271)</u>
Total Other Financing Sources (Uses)	<u>\$(179,998)</u>	<u>\$ 82,987</u>	<u>\$ 99,183</u>	<u>\$ 23,146</u>	<u>\$(17,787)</u>	<u>\$ 7,469</u>	<u>\$ 15,000</u>
Net Change in Fund Balance	\$ 25,728	\$ (582)	\$ (567)	\$ 0	\$ 0	\$ (6,391)	\$ 18,188
FUND BALANCES:							
Beginning of Year	<u>116,513</u>	<u>582</u>	<u>567</u>	<u>0</u>	<u>0</u>	<u>6,391</u>	<u>124,053</u>
End of Year	<u>\$ 142,241</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 142,241</u>

See independent auditor's report and notes to financial statements.

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, 2019

Net change in Fund Balance - Governmental Funds \$ 18,188

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

39,561

The following are reported in the Government-wide financial  
statements, but do not require the use of current financial  
resources and are not reported in the Fund Financial Statements.

Depreciation Expense

(30,161)

Change in Accrued Compensated Absences

3,570

Increase in net position of governmental activities

\$ 31,158

See independent auditor's report and notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

## 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-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

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

A. Reporting Entity (continued)

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."

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.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

**B. Basis of Presentation (continued)**

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 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Statement of Activities shows this allocation in a separate column labeled “indirect expenses.” In addition, GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the 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.

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.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

C. Fund Financial Statements (continued)

- 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 \$142,241. 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.

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

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.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

C. Fund Financial Statements (continued)

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 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 administrating 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 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.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

C. Fund Financial Statements (continued)

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.

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.

Medical Transportation

The Medical Transportation Fund is used to provide transportation for medical appointments for the elderly.

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.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

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.

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, 2019

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, 2019

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.
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.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

2. Budgets and Budgetary Accounting (continued):

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.

At year-end, the carrying amount of the Council's cash balances on the books was \$128,573, whereas the related bank cash balances totaled \$134,001. 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.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

4. Revenue Receivable:

Revenue receivable at June 30, 2019, included the following funds:

<u>Program</u>	<u>Fund</u>	<u>Provider</u>	<u>Amount</u>
Section 5311 Special Revenue	DOTD/Other	DOTD	\$ 7,496
Title XIX - ADHC	Special Revenue	DHH	<u>19,935</u>
Total Revenue Receivable			<u>\$27,431</u>

5. Capital Assets:

A summary of changes in capital assets is as follows:

<u>Activities</u>	<u>Balance 07-01-18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-19</u>
Capital Assets Depreciated:				
Buildings	\$112,531	\$ 0	\$ 0	\$112,531
Furniture & Equipment	91,808	0	0	91,808
Leasehold Improvements	411,741	0	0	411,741
Vehicles	<u>248,839</u>	<u>39,561</u>	<u>32,683</u>	<u>255,717</u>
Total Assets	<u>\$864,919</u>	<u>\$39,561</u>	<u>\$32,683</u>	<u>\$871,797</u>
Less, Accumulated Depreciation:				
Buildings	\$106,318	\$ 496	\$ 0	\$106,814
Furniture & Equipment	87,658	2,280	0	89,938
Leasehold Improvements	264,297	15,567	0	279,864
Vehicles	<u>197,824</u>	<u>11,818</u>	<u>32,683</u>	<u>176,959</u>
Total Accumulated Depreciation	<u>\$656,097</u>	<u>\$30,161</u>	<u>\$32,683</u>	<u>\$653,575</u>
Net Capital Assets	<u>\$208,822</u>	<u>\$ 9,400</u>	<u>\$ 0</u>	<u>\$218,222</u>

Depreciation expense for the year ended June 30, 2019, was charged as follows:

Local	\$ 6,227
Multipurpose Senior Centers	1,050
Nutrition Services:	
Congregate Meals (C-1)	4,360
Home Delivered Meals (C-2)	4,360
Section 5311	5,921
Adult Daycare – Title XIX	6,278
Medical Transportation	<u>1,965</u>
Total	<u>\$30,161</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.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

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	\$ 6,871	\$201,869
Special Revenue Funds-		
Title III C-1	82,987	0
Title III C-2	99,183	0
Title XIX – Adult Daycare	9,429	27,216
Section 5311	23,146	0
Supplemental Senior Center	0	10,913
Multipurpose Senior Centers	3,240	0
Supportive Services	34,247	0
Caregiver Support	83	0
Disease Prevention	85	0
Nutritional Services Incentives	<u>0</u>	<u>19,273</u>
Totals	<u>\$259,271</u>	<u>\$259,271</u>

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

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

7. Ad Valorem Taxes (continued):

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 tax year 2019, taxes of 0.95 mills were levied on property with an assessed valuation totaling \$242,880,930 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 valuation was a total of \$11,470,440 of the assessed value.

Total taxes collected were \$215,365 after small adjustments were made to the original tax roll.

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, 2019:

Long-term obligations	
Payable at July 1, 2018	\$55,665
Net Change	<u>(3,570)</u>
Long-term obligations	
Payable at June 30, 2019	<u>\$52,095</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. Line of Credit:

The Council's board of directors has approved a \$25,000 line of credit with the Council's bank, which is to be used in the event grant funds are not received timely. On December 20, 2018, the Council made a \$15,000 draw on the line of credit. The amount was repaid on January 31, 2019, with interest in the amount of \$92.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

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

13. 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.

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 or claims 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.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2019

16. Related Party Transactions:

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2019.

17. Subsequent Events:

Management has evaluated events through October 18, 2019, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

SUPPLEMENTARY FINANCIAL INFORMATION  
REQUIRED BY GASB 34

Red River Council on Aging, Inc.  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes-				
Ad Valorem Tax	\$ 200,000	\$ 210,000	\$ 215,365	\$ 5,365
Intergovernmental-				
Office of the Governor-GOEA	37,500	37,500	37,500	0
Red River Parish Police Jury	12,000	4,000	0	(4,000)
Miscellaneous-				
Other/Local Funds	9,000	5,000	13,498	8,498
Rent Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 258,500</u>	<u>\$ 256,500</u>	<u>\$ 266,363</u>	<u>\$ 9,863</u>
<b>EXPENDITURES:</b>				
Current -				
Salaries	\$ 0	\$ 0	\$ 0	\$ 0
Fringe	0	0	0	0
Travel	1,000	2,200	2,109	91
Operating Services	10,000	6,500	6,303	197
Operating Supplies	5,000	10,000	11,211	(1,211)
Other Costs	10,000	21,000	19,988	1,012
Debt Services	0	15,000	15,092	(92)
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>5,934</u>	<u>(934)</u>
Total Expenditures	<u>\$ 31,000</u>	<u>\$ 59,700</u>	<u>\$ 60,637</u>	<u>\$ (937)</u>
Excess of Revenues over Expenditures	<u>\$ 227,500</u>	<u>\$ 196,800</u>	<u>\$ 205,726</u>	<u>\$ 8,926</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	\$ 0	\$ 7,000	\$ 6,871	\$ 129
Proceeds from Line of Credit	0	15,000	15,000	0
Operating Transfers (Out)	<u>(229,500)</u>	<u>(202,000)</u>	<u>(201,869)</u>	<u>131</u>
Total Other Financing Uses	<u>\$(229,500)</u>	<u>\$(180,000)</u>	<u>\$(179,998)</u>	<u>\$ 260</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	\$ (2,000)	\$ 16,800	\$ 25,728	\$ 9,186
Fund Balance-Beginning of Year	<u>116,513</u>	<u>116,513</u>	<u>116,513</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 114,513</u>	<u>\$ 133,313</u>	<u>\$ 142,241</u>	<u>\$ 9,186</u>

See independent auditor's report and notes to financial statements.

Red River Council on Aging, Inc.  
Title III C-1  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental- Office of the Governor-GOEA	\$ 24,371	\$ 24,371	\$ 24,371	\$ 0
Miscellaneous- Participant Contributions	45,133	50,157	51,218	1,061
In-kind Contributions	<u>5,070</u>	<u>5,070</u>	<u>5,070</u>	<u>0</u>
Total Revenues	<u>\$ 74,574</u>	<u>\$ 79,598</u>	<u>\$ 80,659</u>	<u>\$ 1,061</u>
<b>EXPENDITURES:</b>				
Current- Salaries	\$ 77,438	\$ 71,689	\$ 71,690	\$ (1)
Fringe	6,297	5,837	5,775	62
Travel	51	49	0	49
Operating Services	22,543	22,183	22,867	(684)
Operating Supplies	64,881	64,872	58,345	6,527
Other Costs	525	525	481	44
In-kind Expenses	<u>5,070</u>	<u>5,070</u>	<u>5,070</u>	<u>0</u>
Total Expenditures	<u>\$ 176,805</u>	<u>\$ 170,225</u>	<u>\$ 164,228</u>	<u>\$ 5,997</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(102,231)</u>	<u>\$ (90,627)</u>	<u>\$ (83,569)</u>	<u>\$ 7,058</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	<u>\$ 102,231</u>	<u>\$ 90,629</u>	<u>\$ 82,987</u>	<u>\$(7,642)</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ 2	\$ (582)	\$ (584)
Fund Balance-Beginning of Year	<u>582</u>	<u>582</u>	<u>582</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 582</u>	<u>\$ 584</u>	<u>\$ 0</u>	<u>\$ (584)</u>

See independent auditor's report and notes to financial statements.

Red River Council on Aging, Inc.  
Title III C-2  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental- Office of the Governor-GOEA	\$ 44,318	\$ 44,318	\$ 44,318	\$ 0
Miscellaneous- Participant Contributions	31,589	38,884	40,599	1,715
In-kind Contributions	<u>4,180</u>	<u>4,180</u>	<u>4,180</u>	<u>0</u>
Total Revenues	\$ <u>80,087</u>	\$ <u>87,382</u>	\$ <u>89,097</u>	\$ <u>1,715</u>
<b>EXPENDITURES:</b>				
Current- Salaries	\$ 93,190	\$ 87,484	\$ 87,484	\$ 0
Fringe	7,577	7,123	6,985	138
Travel	58	57	0	57
Operating Services	30,997	30,675	31,366	(691)
Operating Supplies	64,936	64,928	58,351	6,577
Other Costs	525	525	481	44
In-kind Expenses	<u>4,180</u>	<u>4,180</u>	<u>4,180</u>	<u>0</u>
Total Expenditures	\$ <u>201,463</u>	\$ <u>194,972</u>	\$ <u>188,847</u>	\$ <u>6,125</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(121,376)</u>	\$ <u>(107,590)</u>	\$ <u>(99,750)</u>	\$ <u>7,840</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	\$ <u>121,376</u>	\$ <u>107,590</u>	\$ <u>99,183</u>	\$ <u>(8,407)</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ 0	\$ (567)	\$ (567)
Fund Balance-Beginning of Year	<u>567</u>	<u>567</u>	<u>567</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>567</u>	\$ <u>567</u>	\$ <u>0</u>	\$ <u>(567)</u>

See independent auditor's report and notes to financial statements.

Red River Council on Aging, Inc.  
Notes to Required Supplementary Information  
Year Ended June 30, 2019

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, 2019, the Title III C-1 fund presents a \$83,569 excess of expenditures over appropriations, and the Title III C-2 fund presents an \$99,750 excess of expenditures over appropriations. These excesses are covered by transfers in from the Millage Tax fund.

SUPPLEMENTARY FINANCIAL INFORMATION  
FOR GOEA ANALYSIS

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, 2019

	Supplemental Senior <u>Center</u>	Multipurpose Senior <u>Centers</u>	Supportive <u>Services</u>	Caregiver <u>Support</u>	Disease Prevention and Health <u>Promotion</u>
REVENUES:					
Intergovernmental-					
Office of the Governor-GOEA	\$ 10,913	\$25,000	\$ 35,805	\$11,040	\$3,313
Miscellaneous-					
Participant Contributions	0	0	6,341	0	0
Other/Local Funds	0	0	0	0	0
In-kind Contributions	0	3,740	6,010	0	50
Total Revenues	<u>\$ 10,913</u>	<u>\$28,740</u>	<u>\$ 48,156</u>	<u>\$11,040</u>	<u>\$3,363</u>
EXPENDITURES:					
Current-					
Salaries	\$ 0	\$16,495	\$ 56,126	\$ 8,341	\$ 148
Fringe	0	1,263	4,504	638	11
Meals	0	0	0	0	0
Travel	0	0	3,927	1,176	0
Operating Services	0	11,335	12,899	1,450	2,066
Operating Supplies	0	60	147	22	1,209
Other Costs	0	0	1,152	0	0
In-kind Expenses	0	3,740	6,010	0	50
Total Expenditures	<u>\$ 0</u>	<u>\$32,893</u>	<u>\$ 84,765</u>	<u>\$11,627</u>	<u>\$3,484</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 10,913</u>	<u>\$ (4,153)</u>	<u>\$(36,609)</u>	<u>\$ (587)</u>	<u>\$ (121)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 0	\$ 3,240	\$ 34,247	\$ 83	\$ 85
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>\$ 3,240</u>	<u>\$ 34,247</u>	<u>\$ 83</u>	<u>\$ 85</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ (913)	\$ (2,362)	\$ (504)	\$ (36)
Fund Balance-Beginning of Year	<u>0</u>	<u>913</u>	<u>2,362</u>	<u>504</u>	<u>36</u>
Fund Balance-End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Continued on next page.

See independent auditor's report and notes to financial statements.

Red River Council on Aging, Inc.  
 Non-Major Special Revenue Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance (continued)  
 For the Year Ended June 30, 2019

	<u>AAA</u>	<u>Medical Transportation</u>	<u>Utility Assistance</u>	<u>Nutritional Services Incentive Plan</u>	<u>Total</u>
<b>REVENUES:</b>					
Intergovernmental-					
Office of the Governor-GOEA	\$11,227	\$ 0	\$ 0	\$ 19,273	\$116,571
Miscellaneous-					
Participant Contributions	0	0	0	0	6,341
Other/Local Funds	0	1,393	818	0	2,211
In-kind Contributions	<u>7,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,000</u>
Total Revenues	<u>\$18,427</u>	<u>\$1,393</u>	<u>\$ 818</u>	<u>\$ 19,273</u>	<u>\$142,123</u>
<b>EXPENDITURES:</b>					
Current-					
Salaries	\$ 5,686	\$ 0	\$ 0	\$ 0	\$ 86,796
Fringe	462	0	0	0	6,878
Meals	0	0	0	0	0
Travel	0	0	0	0	5,103
Operating Services	7,326	1,393	1,023	0	37,492
Operating Supplies	124	0	0	0	1,562
Other Costs	0	0	0	0	1,152
In-kind Expenses	<u>7,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,000</u>
Total Expenditures	<u>\$20,798</u>	<u>\$1,393</u>	<u>\$1,023</u>	<u>\$ 0</u>	<u>\$155,983</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(2,371)</u>	\$ <u>0</u>	\$ <u>(205)</u>	\$ <u>19,273</u>	\$ <u>(13,860)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,655
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>(19,273)</u>	<u>(30,186)</u>
Total Other Financing	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(19,273)</u>	<u>\$ 7,469</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (2,371)	\$ 0	\$ (205)	\$ 0	\$ (6,391)
Fund Balance-Beginning of Year	<u>2,371</u>	<u>0</u>	<u>205</u>	<u>0</u>	<u>6,391</u>
Fund Balance-End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditor's report and 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, 2019

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
<b>GENERAL FIXED ASSETS:</b>				
Buildings	\$112,531	\$ 0	\$ 0	\$112,531
Furniture & Equipment	91,808	0	0	91,808
Leasehold Improvements	411,741	0	0	411,741
Vehicles	<u>248,839</u>	<u>39,561</u>	<u>32,683</u>	<u>255,717</u>
Total	<u>\$864,919</u>	<u>\$39,561</u>	<u>\$32,683</u>	<u>\$871,797</u>
 <b>INVESTMENT IN GENERAL FIXED ASSETS:</b>				
FTA Section	\$216,164	\$39,561	\$32,683	\$223,042
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	163,024	0	0	163,024
La Government Assistance Program Grant	114,706	0	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>\$864,919</u>	<u>\$39,561</u>	<u>\$32,683</u>	<u>\$871,797</u>

See independent auditor's report and notes to financial statements.

SUPPLEMENTARY FINANCIAL INFORMATION  
REQUIRED BY LOUISIANA LAW

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, 2019

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	1,059
Travel	0
Conference travel	498
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$75,583</u>

See independent auditor's report.

## OTHER REPORTS

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*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  
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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, 2019, 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 October 18, 2019.

**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 2018-001 – 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.

*Thomas, Cunningham, Broadway & Todtenbier, CPAs*

Thomas, Cunningham, Broadway & Todtenbier  
*Certified Public Accountants*

October 18, 2019  
Natchitoches, Louisiana

Red River Council on Aging, Inc.  
Schedule of Audit Findings and Responses  
Year Ended June 30, 2019

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, 2019.
2. The audit disclosed one significant deficiency in internal control which was not determined to be a material weakness, identified as finding 2019-001 – *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*

2019-001 *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, 2019

III. PRIOR YEAR FINDINGS

2018-001 *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, 2019, this condition has not cleared. See Finding 2019-001.