

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

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2018**

Red River Council on Aging, Inc.

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis	-	1-5
Independent Auditor's Report	-	6-8
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	11
Statement of Activities	B	12
Fund Financial Statements		
Balance Sheet-Governmental Funds	C	14
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	D	15-16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	E	17
Notes to Financial Statements	-	19-34
Required Supplementary Information Schedules		
Budgetary Comparison Schedule-General Fund	F-1	36
Budgetary Comparison Schedule-Title III C-1	F-2	37
Budgetary Comparison Schedule-Title III C-2	F-3	38
Notes to Supplementary Information	-	39
Other Supplementary Information		
Non-Major Special Revenue Funds-Statement of Revenues, Expenditures and Changes in Fund Balances	G	41-42
Comparative Schedule of General Fixed Assets and Changes in General Fixed Assets	H	43
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	I	44

Red River Council on Aging, Inc.

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Internal Control and Compliance		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	J	46-47
Schedule of Audit Findings and Responses	K	48-49
Independent Accountant's Report on Applying Statewide Agreed-Upon Procedures	L	50-58

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, 2018. 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 grant and rental income were less than originally budgeted. Operating expenses were also less than originally budgeted.

The actual revenues were \$2,172 less than the final budgeted amounts and the actual expenditures were \$1,510 more than the final budgeted amounts.

For the year ended June 30, 2018, 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 36 through 43. 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, 2018 and June 30, 2017:

	<u>2018</u>	<u>2017</u>
Assets:		
Cash & Cash Equivalents	\$125,829	\$196,988
Revenue Receivables	17,495	29,120
Prepaid Expenses	7,335	34,622
Capital Assets, Net	<u>208,827</u>	<u>237,302</u>
Total Assets	<u>\$359,486</u>	<u>\$498,032</u>
Liabilities:		
Cash Overdraft	\$ 13,978	\$ 14,345
Accounts Payable	12,628	36,682
Compensated Absences	<u>55,665</u>	<u>52,828</u>
Total Liabilities	<u>\$ 82,271</u>	<u>\$103,855</u>
Net Position:		
Net Investment in Capital Assets	\$208,827	\$237,302
Restricted	0	257
Unrestricted	<u>68,388</u>	<u>156,618</u>
Total Net Position	<u>\$277,215</u>	<u>\$394,177</u>

As of June 30, 2018, the Council "as a whole" had assets greater than its liabilities by \$277,215. This is a decrease of \$116,962 from prior year.

### Summary of Statement of Activities

	<u>2018</u>	<u>2017</u>
Revenues:		
Program Revenues-		
Charges for Services	\$ 0	\$ 2,591
Operating Grants and Contributions	528,437	598,211
General Revenues-		
Ad Valorem Taxes	208,235	213,831
Unrestricted Grants and Contributions	<u>37,500</u>	<u>37,500</u>
Total Revenues	<u>\$ 774,172</u>	<u>\$852,133</u>
 Program Expenses of the Health, Welfare, and Social Services Function:		
Supportive Services-		
Other Supportive Services	\$ 365,271	\$378,435
Homemaker	45,198	45,115
Information and Assistance	8,279	4,789
Legal Assistance	896	235
Outreach	1,604	2,540
Transportation	26,571	29,106
Nutrition Services-		
Congregate Meals	177,405	177,536
Home Delivered Meals	201,474	200,087
Utility Assistance	615	804
Disease Prevention and Health Promotion	2,817	2,809
Administration Expenses	<u>61,004</u>	<u>81,364</u>
Total Expenses	<u>\$ 891,134</u>	<u>\$922,820</u>
 Change in Net Position	 <u>\$(116,962)</u>	 <u>\$(70,687)</u>

The Council's total revenues decreased by \$77,961 or 9.15% from prior year. Total expenses decreased by \$31,686 or 3.43% 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  
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

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, 2018, 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, 2018, 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, comparative schedule of general fixed assets and changes in general fixed assets, and the schedule of compensation, benefits and other payments to agency head or chief executive officer, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules, comparative schedule of general fixed assets and changes in general fixed assets, 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 relate 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, the budgetary comparison schedules, comparative schedule of general fixed assets and changes in general fixed assets, and schedule of compensation, and the schedule of compensation, benefits and other payments to agency head or chief executive officer are 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 5, 2018, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated October 5, 2018, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

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

October 5, 2018  
Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Red River Council on Aging, Inc.  
Statement of Net Position  
June 30, 2018

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$125,829
Revenue Receivable	17,495
Prepaid Expenses	7,335
Noncurrent Assets-	
Capital Assets, Net of Accumulated Depreciation	<u>208,827</u>
Total Assets	<u>\$359,486</u>
LIABILITIES:	
Current Liabilities-	
Cash Overdraft	\$ 13,978
Accounts Payable	12,628
Noncurrent Liabilities-	
Accrued Compensated Absences	<u>55,665</u>
Total Liabilities	<u>\$ 82,271</u>
NET POSITION:	
Net Investment in Capital Assets	\$208,827
Unrestricted	<u>68,388</u>
Total Net Position	<u>\$277,215</u>

See notes to financial statements.

Red River Council on Aging, Inc.  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2018

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	\$ 3,622	\$ 4,657	\$0	\$ 2,653	\$ (5,626)
Transportation	22,326	4,245	0	16,352	(10,219)
Homemaker	36,109	9,089	0	26,446	(18,752)
Legal Assistance	896	0	0	656	(240)
Outreach	1,253	351	0	918	(686)
Nutrition Services-					
Congregate Meals (C-1)	145,935	31,470	0	75,124	(102,281)
Home Delivered Meals (C-2)	165,627	35,847	0	80,825	(120,649)
Multipurpose Senior Center	28,852	4,795	0	40,049	6,402
Area Agency Administration	17,785	0	0	17,937	152
CACFP Nutrition Fund	0	0	0	0	0
Adult Daycare (XIX)	165,699	0	0	134,570	(31,129)
Utility Assistance Fund	615	0	0	820	205
National Family Caregiver Support	8,590	2,017	0	10,561	(46)
Disease Prevention & Health Promotion	2,655	162	0	2,808	(9)
Medical Transport	1,965	0	0	0	(1,965)
Nutritional Services Incentives Program	0	0	0	18,951	18,951
Section 5311	135,568	0	0	91,174	(44,394)
Administration	<u>61,004</u>	<u>0</u>	<u>0</u>	<u>8,593</u>	<u>(52,411)</u>
Total Governmental Activities	<u>\$798,501</u>	<u>\$92,633</u>	<u>\$0</u>	<u>\$528,437</u>	<u>\$(362,697)</u>
General Revenues:					
Taxes-					
Ad Valorem					\$ 208,235
Grants and Contributions					
not restricted to specific programs					<u>37,500</u>
Total General Revenues					<u>\$ 245,735</u>
Change in Net Position					\$(116,962)
Net Position July 1, 2017					<u>394,177</u>
Net Position June 30, 2018					<u>\$ 277,215</u>

See notes to financial statements.

## FUND FINANCIAL STATEMENTS

Red River Council on Aging, Inc.  
Balance Sheet-Governmental Funds  
June 30, 2018

	Major Funds						Total Governmental Funds
	General Fund	Title III C-1	Title III C-2	Section 5311	Adult Daycare	Non-Major Funds	
<b>Assets:</b>							
Cash & Cash Equivalents	\$117,149	\$4,162	\$4,162	\$ 0	\$ 0	\$ 356	\$125,829
Revenue Receivable	71	0	0	9,454	7,867	103	17,495
Prepaid Expenses	<u>0</u>	<u>582</u>	<u>567</u>	<u>0</u>	<u>0</u>	<u>6,186</u>	<u>7,335</u>
Total Assets	<u>\$117,220</u>	<u>\$4,744</u>	<u>\$4,729</u>	<u>\$9,454</u>	<u>\$7,867</u>	<u>\$6,645</u>	<u>\$150,659</u>
<b>Liabilities:</b>							
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$8,363	\$5,615	\$ 0	\$ 13,978
Accounts Payable	<u>707</u>	<u>4,162</u>	<u>4,162</u>	<u>1,091</u>	<u>2,252</u>	<u>254</u>	<u>12,628</u>
Total Liabilities	<u>\$ 707</u>	<u>\$4,162</u>	<u>\$4,162</u>	<u>\$9,454</u>	<u>\$7,867</u>	<u>\$ 254</u>	<u>\$ 26,606</u>
<b>Fund Balances:</b>							
Restricted for:							
Nutrition Services-Meals	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unassigned	<u>116,513</u>	<u>582</u>	<u>567</u>	<u>0</u>	<u>0</u>	<u>6,391</u>	<u>124,053</u>
Total Fund Balance	<u>\$116,513</u>	<u>\$ 582</u>	<u>\$ 567</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$6,391</u>	<u>\$124,053</u>
Total Liabilities and Fund Balance	<u>\$117,220</u>	<u>\$4,744</u>	<u>\$4,729</u>	<u>\$9,454</u>	<u>\$7,867</u>	<u>\$6,645</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 \$ (55,665)
  - Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 208,827
- Net Position of Governmental Activities at June 30, 2018 \$277,215

See 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, 2018

	<u>Major Funds</u>						Total Governmental <u>Funds</u>
	<u>General Fund</u>	Title III <u>C-1</u>	Title III <u>C-2</u>	Section <u>5311</u>	Adult <u>Daycare</u>	Non-Major <u>Funds</u>	
REVENUES:							
Taxes-							
Ad Valorem Tax	\$ 208,235	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$208,235
Intergovernmental-							
Governor's Office of Elderly Affairs	37,500	23,103	43,497	0	0	113,502	217,602
La. Dept. of Health & Hospitals	0	0	0	0	134,392	0	134,392
La. Dept. of Transportation	0	0	0	81,976	0	0	81,976
Red River Parish Police Jury/LGAP	3,565	0	0	0	0	0	3,565
Miscellaneous-							
Other/Local Funds	5,028	0	605	200	178	1,217	7,228
Participant Contributions	0	46,951	32,543	8,998	0	6,433	94,925
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>\$ 254,328</u>	<u>\$ 75,124</u>	<u>\$ 80,825</u>	<u>\$ 91,174</u>	<u>\$ 134,570</u>	<u>\$138,152</u>	<u>\$774,173</u>
EXPENDITURES:							
Current-							
Salaries	\$ 0	\$ 76,948	\$ 92,277	\$ 105,257	\$ 110,425	\$ 85,946	\$470,853
Fringe	0	6,428	7,174	8,052	8,447	6,752	36,853
Meals-							
Raw Food	950	54,493	54,492	0	7,670	0	117,605
Non-Edibles	0	6,954	6,954	0	0	0	13,908
Travel	3,512	49	56	0	0	5,620	9,237
Operating Services	6,585	21,916	30,271	17,942	28,686	28,719	134,119
Operating Supplies	9,520	382	467	297	3,261	1,014	14,941
Other Cost	31,943	525	525	1,196	716	1,152	36,057
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>\$ 52,510</u>	<u>\$172,765</u>	<u>\$ 196,396</u>	<u>\$132,744</u>	<u>\$ 159,205</u>	<u>\$146,203</u>	<u>\$859,823</u>
Excess (Deficiency) of							
Revenues over Expenditures	<u>\$ 201,818</u>	<u>\$ (97,641)</u>	<u>\$ (115,571)</u>	<u>\$ (41,570)</u>	<u>\$ (24,635)</u>	<u>\$ (8,051)</u>	<u>\$ (85,650)</u>

Continued next page

Red River Council on Aging, Inc.  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances-Governmental Funds  
For the Year Ended June 30, 2018

	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	\$ 258	\$ 91,508	\$ 108,488	\$ 34,415	\$ 44,584	\$ 37,522	\$ 316,775
Operating Transfers Out	<u>(262,817)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(23,836)</u>	<u>(30,122)</u>	<u>(316,775)</u>
Total Other Financing Sources (Uses)	<u>\$(262,559)</u>	<u>\$ 91,508</u>	<u>\$ 108,488</u>	<u>\$ 34,415</u>	<u>\$ 20,748</u>	<u>\$ 7,400</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (60,741)	\$ (6,133)	\$ (7,083)	\$ (7,155)	\$ (3,887)	\$ (651)	\$ (85,650)
FUND BALANCES:							
Beginning 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>
End 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>

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, 2018

Net change in Fund Balance - Governmental Funds	\$ (85,650)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
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	(28,475)
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	<u>(2,837)</u>
Increase in net position of governmental activities	<u><u>\$ (116,962)</u></u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2018

### 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, 2018

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, 2018

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, 2018

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 \$116,513. 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, 2018

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, 2018

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, 2018

C. Fund Financial Statements (continued)

CACFP

The Child Adult Care Food Program is used to provide nutritional assistance to the Adult Daycare Program. This program has been discontinued by the Council.

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

3. Cash in Bank (continued):

At year-end, the carrying amount of the Council's cash balances on the books was \$111,850, whereas the related bank cash balances totaled \$120,752. 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, 2018, included the following funds:

<u>Program</u>	<u>Fund</u>	<u>Provider</u>	<u>Amount</u>
Section 5311	Special Revenue	DOTD/Other	\$ 9,454
Title XIX - ADHC	Special Revenue	DHH	7,867
Supportive Services	Special Revenue	Other/Local	103
Millage Tax	General	Millage Tax	<u>71</u>
Total revenue receivable			<u>\$17,495</u>

5. Capital Assets:

A summary of changes in capital assets is as follows:

<u>Activities</u>	<u>Balance</u> <u>07-01-17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-18</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>0</u>	<u>0</u>	<u>248,839</u>
Total Assets	<u>\$864,919</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$864,919</u>
Less, Accumulated Depreciation:				
Buildings	\$105,822	\$ 496	\$0	\$106,318
Furniture & Equipment	90,114	2,786	0	92,900
Leasehold Improvements	246,966	17,331	0	264,297
Vehicles	<u>184,715</u>	<u>7,862</u>	<u>0</u>	<u>192,577</u>
Total Accumulated Depreciation	<u>\$627,617</u>	<u>\$ 28,475</u>	<u>\$0</u>	<u>\$656,092</u>
Net Capital Assets	<u>\$237,302</u>	<u>\$(28,475)</u>	<u>\$0</u>	<u>\$208,827</u>

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2018

5. Capital Assets (continued):

Depreciation expense for the year ended June 30, 2018, was charged as follows:

Local	\$ 8,496
Multipurpose Senior Centers	1,051
Nutrition Services:	
Congregate Meals (C-1)	4,361
Home Delivered Meals (C-2)	4,360
Section 5311	1,965
Adult Daycare – Title XIX	6,277
Medical Transportation	<u>1,965</u>
 Total	 <u>\$28,475</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	\$ 258	\$262,817
Special Revenue Funds-		
Title III C-1	91,508	0
Title III C-2	108,488	0
Title XIX – Adult Daycare	44,584	23,836
Section 5311	34,415	0
Supplemental Senior Center	0	10,913
Multipurpose Senior Centers	2,931	0
Supportive Services	34,504	0
Caregiver Support	85	0
Disease Prevention	2	0
CACFP	0	258
Nutritional Services Incentives	<u>0</u>	<u>18,951</u>
 Totals	 <u>\$316,775</u>	 <u>\$316,775</u>

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2018

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 tax year 2017, taxes of 0.95 mills were levied on property with an assessed valuation totaling \$247,782,920 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 \$11,426,750 of the assessed value in 2017.

Total taxes collected were \$208,235 after small adjustments were made to the original tax roll.

Red River Council on Aging, Inc.  
Notes to Financial Statements  
June 30, 2018

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, 2018:

Long-term obligations	
Payable at July 1, 2017	\$52,828
Net Change	<u>2,837</u>
Long-term obligations	
Payable at June 30, 2018	<u>\$55,665</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, 2018

13. Related Party Transactions:

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2018.

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.

16. Subsequent Events:

Management has evaluated events through October 5, 2018, 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, 2018

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES:</b>				
Taxes-				
Ad Valorem Tax	\$ 200,000	\$ 210,000	\$ 208,235	\$ (1,765)
Intergovernmental-				
Office of the Governor-GOEA	37,500	37,500	37,500	0
Red River Parish Police Jury	12,000	4,000	3,565	(435)
Miscellaneous-				
Other/Local Funds	9,000	5,000	5,028	28
Rent Income	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 273,500</u>	<u>\$ 256,500</u>	<u>\$ 254,328</u>	<u>\$ (2,172)</u>
<b>EXPENDITURES:</b>				
Current -				
Salaries	\$ 0	\$ 0	\$ 0	\$ 0
Fringe	0	0	0	0
Travel	0	3,500	3,512	(12)
Operating Services	20,000	6,500	6,585	(85)
Operating Supplies	5,000	10,000	9,520	480
Other Costs	10,000	31,000	32,893	(1,893)
Capital Outlay	<u>9,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 44,000</u>	<u>\$ 51,000</u>	<u>\$ 52,510</u>	<u>\$ (1,510)</u>
Excess of Revenues over Expenditures	<u>\$ 229,500</u>	<u>\$ 205,500</u>	<u>\$ 201,818</u>	<u>\$ (3,682)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	\$ 0	\$ 18,000	\$ 258	\$(17,742)
Operating Transfers (Out)	<u>(229,500)</u>	<u>(280,000)</u>	<u>(262,817)</u>	<u>17,183</u>
Total Other Financing Uses	<u>\$(229,500)</u>	<u>\$(262,000)</u>	<u>\$(262,559)</u>	<u>\$ (559)</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ (56,500)	\$ (60,741)	\$ (4,241)
Fund Balance-Beginning of Year	<u>177,254</u>	<u>177,254</u>	<u>177,254</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 177,254</u>	<u>\$ 120,754</u>	<u>\$ 116,513</u>	<u>\$ (4,241)</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, 2018

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental-				
Office of the Governor-GOEA	\$ 23,103	\$ 23,103	\$ 23,103	\$ 0
Miscellaneous-				
Participant Contributions	49,898	45,133	46,951	1,818
In-kind Contributions	<u>5,070</u>	<u>5,070</u>	<u>5,070</u>	<u>0</u>
Total Revenues	<u>\$ 78,071</u>	<u>\$ 73,306</u>	<u>\$ 75,124</u>	<u>\$ 1,818</u>
<b>EXPENDITURES:</b>				
Current-				
Salaries	\$ 76,972	\$ 76,948	\$ 76,948	\$ 0
Fringe	6,335	6,007	6,428	(421)
Travel	49	49	49	0
Operating Services	22,298	22,201	21,916	285
Operating Supplies	64,871	64,871	61,829	3,042
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>\$176,120</u>	<u>\$ 175,671</u>	<u>\$172,765</u>	<u>\$ 2,906</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (98,049)</u>	<u>\$ (102,365)</u>	<u>\$ (97,641)</u>	<u>\$ 4,724</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	<u>\$ 98,049</u>	<u>\$ 102,365</u>	<u>\$ 91,508</u>	<u>\$(10,857)</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ 0	\$ (6,133)	\$ (6,133)
Fund Balance-Beginning of Year	<u>6,715</u>	<u>6,715</u>	<u>6,715</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 6,715</u>	<u>\$ 6,715</u>	<u>\$ 582</u>	<u>\$ (6,133)</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, 2018

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental-				
Office of the Governor-GOEA	\$ 43,497	\$ 43,497	\$ 43,497	\$ 0
Miscellaneous-				
Participant Contributions	33,437	31,589	33,148	1,559
In-kind Contributions	<u>4,180</u>	<u>4,180</u>	<u>4,180</u>	<u>0</u>
Total Revenues	<u>\$ 81,114</u>	<u>\$ 79,266</u>	<u>\$ 80,825</u>	<u>\$ 1,559</u>
<b>EXPENDITURES:</b>				
Current-				
Salaries	\$ 91,289	\$ 92,276	\$ 92,277	\$ (1)
Fringe	7,513	7,204	7,174	30
Travel	56	56	56	0
Operating Services	30,580	30,568	30,271	297
Operating Supplies	64,921	64,923	61,913	3,010
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>\$ 199,064</u>	<u>\$ 199,732</u>	<u>\$ 196,396</u>	<u>\$ 3,336</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(117,950)</u>	<u>\$(120,466)</u>	<u>\$(115,571)</u>	<u>\$ 4,895</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	<u>\$ 117,950</u>	<u>\$ 120,466</u>	<u>\$ 108,488</u>	<u>\$(11,978)</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ 0	\$ (7,083)	\$ (7,083)
Fund Balance-Beginning of Year	<u>7,650</u>	<u>7,650</u>	<u>7,650</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 7,650</u>	<u>\$ 7,650</u>	<u>\$ 567</u>	<u>\$ (7,083)</u>

See notes to the financial statements.

Red River Council on Aging, Inc.  
Notes to Required Supplementary Information  
Year Ended June 30, 2018

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, 2018, the Title III C-1 fund presents a \$91,508 excess of expenditures over appropriations, and the Title III C-2 fund presents an \$115,571 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, 2018

	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	\$ 34,582	\$10,561	\$2,758
Miscellaneous-					
Participant Contributions	0	0	6,433	0	0
Other/Local Funds	0	397	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>\$29,137</u>	<u>\$ 47,025</u>	<u>\$10,561</u>	<u>\$2,808</u>
EXPENDITURES:					
Current-					
Salaries	\$ 0	\$16,364	\$ 55,828	\$ 8,245	\$ 77
Fringe	0	1,331	4,360	631	6
Meals	0	0	0	0	0
Travel	0	8	4,795	801	0
Operating Services	0	10,759	9,845	858	2,013
Operating Supplies	0	58	157	22	660
Other Costs	0	0	1,152	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>\$32,260</u>	<u>\$ 82,147</u>	<u>\$10,557</u>	<u>\$2,806</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 10,913</u>	<u>\$ (3,123)</u>	<u>\$(35,122)</u>	<u>\$ 4</u>	<u>\$ 2</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 0	\$ 2,931	\$ 34,504	\$ 85	\$ 2
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>\$ 2,931</u>	<u>\$ 34,504</u>	<u>\$ 85</u>	<u>\$ 2</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ (192)	\$ (618)	\$ 89	\$ 4
Fund Balance-Beginning of Year	<u>0</u>	<u>1,105</u>	<u>2,980</u>	<u>415</u>	<u>32</u>
Fund Balance-End of Year	<u>\$ 0</u>	<u>\$ 913</u>	<u>\$ 2,362</u>	<u>\$ 504</u>	<u>\$ 36</u>

Continued on next page.

See notes to financial statements.

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, 2018

	<u>AAA</u>	<u>CACFP</u>	<u>Utility Assistance</u>	<u>Nutritional Services Incentive Plan</u>	<u>Total</u>
<b>REVENUES:</b>					
Intergovernmental-					
Office of the Governor-GOEA	\$10,737	\$ 0	\$ 0	\$ 18,951	\$113,502
Miscellaneous-					
Participant Contributions	0	0	0	0	6,433
Other/Local Funds	0	0	820	0	1,217
In-kind Contributions	<u>7,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,000</u>
Total Revenues	<u>\$17,937</u>	<u>\$ 0</u>	<u>\$820</u>	<u>\$ 18,951</u>	<u>\$138,152</u>
<b>EXPENDITURES:</b>					
Current-					
Salaries	\$ 5,432	\$ 0	\$ 0	\$ 0	\$ 85,946
Fringe	424	0	0	0	6,552
Meals	0	0	0	0	0
Travel	16	0	0	0	5,620
Operating Services	4,629	0	615	0	28,719
Operating Supplies	117	0	0	0	1,014
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>\$17,818</u>	<u>\$ 0</u>	<u>\$615</u>	<u>\$ 0</u>	<u>\$146,203</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 119</u>	<u>\$ 0</u>	<u>\$205</u>	<u>\$ 18,951</u>	<u>\$ (8,051)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,522
Operating Transfers Out	<u>0</u>	<u>(258)</u>	<u>0</u>	<u>(18,951)</u>	<u>(30,122)</u>
Total Other Financing	<u>\$ 0</u>	<u>\$(258)</u>	<u>\$ 0</u>	<u>\$(18,951)</u>	<u>\$ 7,400</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 119	\$(258)	\$205	\$ 0	\$ (651)
Fund Balance-Beginning of Year	<u>2,252</u>	<u>258</u>	<u>0</u>	<u>0</u>	<u>7,042</u>
Fund Balance-End of Year	<u>\$ 2,371</u>	<u>\$ 0</u>	<u>\$205</u>	<u>\$ 0</u>	<u>\$ 6,391</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, 2018

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</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>0</u>	<u>0</u>	<u>248,839</u>
Total	<u>\$864,919</u>	<u>\$0</u>	<u>\$0</u>	<u>\$864,919</u>
<b>INVESTMENT IN GENERAL FIXED ASSETS:</b>				
FTA Section	\$216,164	\$0	\$0	\$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	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>\$0</u>	<u>\$0</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, 2018

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	2,622
Travel	0
Conference travel	2,643
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$79,291</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, 2018, 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 5, 2018.

#### 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.

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

October 5, 2018  
Natchitoches, Louisiana

Red River Council on Aging, Inc.  
Schedule of Audit Findings and Responses  
Year Ended June 30, 2018

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, 2018.
2. The audit disclosed one significant deficiency in internal control which was not determined to be a material weakness, identified as finding *2018-001 – 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*

*2018-001 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, 2018

III. PRIOR YEAR FINDINGS

*2017-001 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, 2018, this condition has not cleared. See Finding *2018-001*.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

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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. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. 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 applicable standards of *Government Auditing Standards*. 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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- ***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/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., period confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*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 (e.g., determining the reasonableness of fuel card purchases).

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

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

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

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

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

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

*This section is not applicable to the Council.*

***Board (or Finance Committee, if applicable)***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- Observe that the board/finance committee 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.*

- For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

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

- For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*The prior year unrestricted fund balance in the general fund was not negative.*

***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed, dated, electronically logged); and
  - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*No exceptions were noted in these procedures for bank reconciliations.*

### *Collections*

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each location such that:
  - Employees that are responsible for cash collections do not share cash drawers/registers.
  - Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
  - Observe that receipts are sequentially pre-numbered.
  - Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - Trace the deposit slip total to the actual deposit per the bank statement.
  - Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - Trace the actual deposit per the bank statement to the general ledger.

*No procedures were required for Collections due to no exceptions in this area in the prior year.*

***Non-Payroll Disbursements – (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*Management represented that the Council has only one location that processes payments.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- At least two employees are involved in processing and approving payments to vendors.
- The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*Due to the small number of employees, there are times when purchases are requested and orders placed by the same individual. This issue is addressed as Finding 2018-001 in the audited financial statements.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation transaction and

- Observe that the disbursement matched the related original invoice/billing statement.
- Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions noted in the sampled disbursements.*

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

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]]
  - Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*No procedures were required for this category due to no exceptions in the prior year.*

***Travel and Travel-Related Expense Reimbursements***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No procedures were required for this category due to no exceptions in the prior year.*

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
- Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*No procedures were required for this category due to no exceptions in the prior year.*

### ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- Observe that supervisors approved the attendance and leave of the selected employees/officials.
- Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employee/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/official's personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*No procedures were required for this category due to no exceptions in the prior year.*

### ***Ethics (excluding nonprofits)***

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20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Management provided evidence of ethics training for all employees and signature verification that all employees had read the Council's ethics policy during the fiscal period.*

### ***Debt Service (excluding nonprofits)***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

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

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*The Council had no outstanding debt during the fiscal period.*

***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) 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 misappropriations of public funds or assets during the period.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*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 those C/C areas identified in the SAUPs. 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.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Johnson, Thomas + Cunningham, CPA's*

Johnson, Thomas & Cunningham, CPA's

October 5, 2018  
Natchitoches, Louisiana