

**NATCHITOCHEs PARISH  
COUNCIL ON AGING, INC.**  
Natchitoches, Louisiana

Financial Report

Year Ended June 30, 2014

TABLE OF CONTENTS

	Page No.
Management's Discussion and Analysis	1-7
Independent Auditor's Report	8-10
Basic Financial Statements	
Government Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13-14
Fund Financial Statements:	
Balance Sheet	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Fund	19
State of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	20
Statement of Cash Flows - Proprietary Fund	21
Notes to Financial Statements	22-41
Supplementary Information Required by GASB Statement 34:	
Budgetary Comparison Schedule - General Fund	43
Budgetary Comparison Schedule - Title III B	44
Budgetary Comparison Schedule - Title III C-1	45
Budgetary Comparison Schedule - Title III C-2	46
Supplementary Financial Information Required by GOEA:	
Schedule of Nonmajor Funds	48
Comparative Schedule of General Fixed Assets and Changes in General Fixed Assets	49
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>	50-51
Schedule of Findings and Questioned Costs	52
Summary Schedule of Prior Audit Findings	53
Management's Corrective Action Plan	54

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Natchitoches Council on Aging's (the Council) financial performance provides an overview and analysis of the Council's financial activities for the year ended June 30, 2014. This document focuses on the current year's activities, resulting changes, and currently known facts. This document should be read in conjunction with the financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The Council showed an increase in overall net position of \$65,627 or 26% this year.
- Net Capital Assets of the Council increased \$29,970.
- Fund revenues increased \$53,379 or 10%.
- Fund expenditures, excluding capital outlay, decreased \$22,260 or 4%.
- The unassigned fund balance for the Council's General Fund was \$12,255 at year-end, an increase of \$7,655 from prior year.

### HOW TO USE THIS ANNUAL REPORT

The Council's annual financial report consists of five main parts:

1. Management's discussion and analysis (this section)
2. The basic financial statements (government-wide and fund)
3. Supplementary information required by GASB 34
4. Supplementary information required by GOEA
5. Auditor reports.

Government-wide financial statements are comprised of the Statement of Net position and the Statement of Activities (on pages 12 through 14). These financial statements provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. In contrast, fund financial statements, which consist of the Fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances (on pages 16 through 21), tell how services were financed in the short-term, as well as what remains for future spending for governmental funds. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements, which present different views about the Council, along with notes to the financial statements.

#### **Government-Wide Financial Statements**

Management's analysis of the Council as a whole begins on page 4. When reading these financial statements, an important point to consider is whether the Council's finances as a whole, are better or worse off as a result of this year's activities. The Statement of Net position and the Statement of Activities, referred to collectively as the Government-Wide Financial Statements, report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Also, under the accrual basis, all current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Government-Wide statements report the Council's net position and changes in them. The Council has restricted net position of \$1,760 which must be used for specific purposes, whereas \$241,815 of the net position are unrestricted, meaning that they can be used for any program at management's discretion. 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 are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other nonfinancial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net position changed as a result of this year's activities. In this statement all changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future periods. All of the Council's significant activities are reported in the Statement of Activities, including 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 services, nutritional services, utility assistance, disease prevention and health promotion, family caregiver support, and senior citizen center operations. Subprograms activities are also presented, in some cases, to help the reader analyze the Council's operations in more detail. Significant 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 provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees with the intent to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. However, the Council does charge a fee for persons under 60 years old to ride the Council's vans. We do not view the fees we charge for these activities as a business-type activity because we do not intend to make a profit or recover the full cost of providing the service. The Council has a bingo fund, which is considered a business-type activity.

#### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Council as a whole entity. In the fund financial statements, there are column presentations for a General Fund, Special Revenue Funds that have been determined to be "Major Funds," and a column for the total

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

of all remaining Special Revenue Funds, which are deemed to be "Nonmajor Funds." Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but is believed to be important for the Council's financial statement users. 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 or committed to expenditure for specified purposes other than debt service or capital projects. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other money.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of 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 the reader determine whether there are more or fewer financial resources that can be spent in the near future for Council's programs. The difference between the net position of governmental activities and the fund balances of the governmental funds is reconciled 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 reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

Proprietary funds are reported in the fund financial statements and generally report services for which the Council charges customers a fee. The Council maintains one type of proprietary fund. The enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 22 of this report. The notes to the financial statements follow the fund financial statements and should be read 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 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final appropriated budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Management's Discussion and Analysis is also required supplementary information (RSI) by GASB Statement 34. However, GASB 34 requires it to be presented as the first item in this reporting package and not with the GASB's other RSI, which is included later in this reporting package.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

The Governor’s Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information. This information will be used by GOEA to verify the accuracy of information the Council submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

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

The following table reflects condensed information on the Council’s assets, liabilities, and net position for fiscal years 2014 and 2013:

Condensed Statement Net position

	2014	2013	Increase (Decrease)
Current and other assets	\$ 273,499	\$ 247,769	\$ 25,730
Capital assets, net of depreciation	<u>483,082</u>	<u>453,112</u>	<u>29,970</u>
Total assets	<u>756,581</u>	<u>700,881</u>	<u>55,700</u>
Compensated absences	3,808	4,862	(1,054)
Other current liabilities	34,948	34,249	699
Long-term liabilities	<u>404,222</u>	<u>413,794</u>	<u>(9,572)</u>
Total liabilities	<u>442,978</u>	<u>452,905</u>	<u>(9,927)</u>
Invested in capital assets, net of related debt	70,028	30,772	39,256
Restricted	1,760	1,760	-
Unrestricted	<u>241,815</u>	<u>215,444</u>	<u>26,371</u>
Total Net Position	<u>\$ 313,603</u>	<u>\$ 247,976</u>	<u>\$ 65,627</u>

As of June 30, 2014, the Council “as a whole” had assets greater than its liabilities by \$313,603 whereas at June 30, 2013 net position was \$247,976. This is an increase of \$65,627 or about 26% in net position.

About 77% and 87% of the Council’s total net position are unrestricted as of June 30, 2014 and 2013, respectively. Unrestricted net position are important because they provide the discretionary resources management will need so that it can quickly adapt to changes in the economy, emergencies, unexpected needs, and reductions in or termination of grant revenues by government agencies.

The Council restricted net position represent .6% and .7% of the Council’s total net position as of June 30, 2014 and 2013, respectively. Net position are reported as restricted when the constraints placed upon the asset’s use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net position that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them. Currently, the Council has land that has associated debt outstanding as of June 30, 2014.

The liability for compensated absences decreased \$1,054 during the year. This liability represents what the Council would owe to its employees as of year-end for unused vacation leave. If employee vacation patterns are similar from year to year and if the number of employees remains about the same, then the

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

amount owed at year-end will not change very much from year to year. This liability could adversely affect the Council's financial position if we were to have to lay off a significant portion of our workforce. This event would trigger the immediate payment of unused vacation to the terminated employees resulting in the Council having to use unrestricted net position to make the payments.

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

Condensed Statement of Activities				
	2014	% of Total	2013	% of Total
Revenues				
Program Revenues:				
Charges for services	\$ 157,448	21.86%	\$ 138,947	21.45%
Operating grants and contributions	480,007	66.63%	467,994	72.25%
Capital grants and contributions	-	0.00%	-	0.00%
General Revenues:				
Unrestricted grants and contributions	76,920	10.68%	28,920	4.46%
Other general revenues	6,010	0.83%	11,894	1.84%
Total Revenues	720,385	100.00%	647,755	100.00%
Program Expenses of the Health, Welfare, and Social Services Function				
Supportive Services	134,676	20.57%	126,992	18.90%
Nutrition Services	283,149	43.24%	321,338	47.83%
Disease prevention and health promotion	11,977	1.83%	8,722	1.30%
National family caregiver support	49,387	7.54%	50,416	7.50%
Area agency administration	32,167	4.91%	31,477	4.69%
Audit fund	1,568	0.24%	1,568	0.23%
Administrative expenses	26,992	4.12%	31,847	4.74%
Bingo	114,842	17.54%	99,480	14.81%
Total expenses	654,758	100.00%	671,840	100.00%
Change in net position	65,627		(24,085)	
Net position, beginning of the year	247,976		272,061	
Net position, end of the year	\$ 313,603		\$ 247,976	

As illustrated by the table above, the Council gets most of its revenues from operating grants and contributions that are specifically related to a program and must be used in the programs to which they relate. Unrestricted grants and contributions make up the second largest percentages of revenues and this revenue is available to management to use at its discretion. Charges for services arise from fees the Council has charged for providing a particular service and this revenue is used to pay for the expenses of the programs for which the fees were charged.

The expenses in the table have been presented by primary programs. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocations were made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year and last year. The expense allocations are a good indication of the demand for each type of service.

The Council had a \$65,627 increase in its net position for FY 2014, whereas the decrease in net position for FY 2013 was \$24,085. There is a reconciliation that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances that presents an analysis of why there are differences between that particular fund financial statement and the government-wide Statement of Activities for FY 2014.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

Most of the Council's activities are funded by federal, state, and local grants. These grants amount to approximately 77% and 77% of the revenues of the Council in 2014 and 2013, respectively. Some of these grants are restricted which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues represented 22% and 21% of the total revenues for 2014 and 2013, respectively.

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. The Council's largest activities are related to supportive and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of the Parish. There is a high demand for these services; therefore, resources are channeled to meeting the demand.

You will also note that most of the governmental activities have more expenses than revenues. We expect this situation to occur and have prepared the Council's budgets for these activities with this in mind. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities.

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

#### Fund Balances

The Council showed a combined governmental fund balance of \$14,015 (as shown on the Fund Financial Statement's balance sheet on page 16) at the end of this year, which is an increase of \$7,655 from last year.

#### Revenues

The combined fund revenues increased \$53,379 this year, or 10% from the previous year and is attributable to intergovernmental revenue from GOEA and Facility Planning and Control and local donations.

#### Expenditures

Total expenditures, excluding capital outlay and debt service payments, decreased \$39,011 this year, or 7%. The decrease is primarily a result of a decrease in other costs of \$31,330.

### AN ANALYSIS OF THE GENERAL AND MAJOR SPECIAL REVENUE FUND BUDGETS

You can find schedules of the original and amended budgets for the general and major special revenue funds in the Supplementary Financial Information Required by GASB Statement 34 section of this report beginning on page 43.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of the year, the Council had \$483,082 in fixed assets net of accumulated depreciation. This amounted to a net increase of \$29,970 from last year.

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Buildings and improvements	\$ 3,409	\$ -	\$ -	\$ 3,409
Land	420,000	-	-	420,000
Land improvements	18,400	-	-	18,400
Vehicles	61,405	20,607	-	82,012
Furniture and equipment	20,782	3,600	-	24,382
Construction in progress	-	17,726	-	17,726
	523,996	41,933	-	565,929
Less: Accumulated depreciation	70,884	11,963	-	82,847
Total	<u>\$ 453,112</u>	<u>\$ 29,970</u>	<u>\$ -</u>	<u>\$ 483,082</u>

We have already discussed the nature and effects of the compensated absence liability.

**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. In setting its budget for fiscal year 2015, it was important that we deliver at least the same level of service to our clients and the public as we did in 2014.

All of the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2015. There have been no other significant changes to the funding levels or terms of the grants and contracts. Accordingly, we have set our initial budget to provide those programs and levels of service next year. GOEA has also approved the Council's budget for next year.

**CONTACTING THE COUNCIL'S MANAGEMENT**

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Ms. Alice Barrios, the Council's Executive Director, at the Council's main office located at 1016 Keyser Avenue, Natchitoches, LA 71457.

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(A Corporation of Certified Public Accountants)

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Natchitoches Parish Council on Aging, Inc.  
Natchitoches, Louisiana

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Natchitoches Council on Aging, Inc., as of and for the year ended June 30, 2014, 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 opinions 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. 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

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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, the business-type activities, each major fund, and the aggregate remaining fund information of the Natchitoches Council on Aging, Inc., as of June 30, 2014, 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 and budgetary comparison information on pages 1-7 and 43-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Natchitoches Council on Aging, Inc.'s basic financial statements. The schedule of nonmajor funds and comparative schedule of general fixed assets and changes in general fixed assets on pages 48-49 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of nonmajor funds and comparative schedule of general fixed assets and changes in general fixed assets 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 schedule of nonmajor funds and comparative schedule of fixed assets 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 21, 2014, on our consideration of the Natchitoches Council on Aging, Inc.'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 Natchitoches Council on Aging, Inc.'s internal control over financial reporting and compliance.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana

October 21, 2014

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Government Wide Statement of Net position  
June 30, 2014

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 24,265	\$ 61,271	\$ 85,536
Certificate of deposit	-	168,590	168,590
Grants and contracts receivable	11,203	-	11,203
Prepaid expense	1,153	7,017	8,170
Capital assets, net of accumulated depreciation	<u>483,082</u>	<u>-</u>	<u>483,082</u>
 Total Assets	 <u>519,703</u>	 <u>236,878</u>	 <u>756,581</u>
<b>Liabilities</b>			
Accounts payable	18,304	3,380	21,684
Accrued payroll and related benefits	4,302	130	4,432
Accrued compensated absences	3,808	-	3,808
Note payable:			
Current portion	8,832	-	8,832
Non-current portion	<u>404,222</u>	<u>-</u>	<u>404,222</u>
 Total Liabilities	 <u>439,468</u>	 <u>3,510</u>	 <u>442,978</u>
<b>Net Position</b>			
Invested in Capital Assets, net of debt	70,028	-	70,028
Restricted for:			
Prepaid expenses	1,153	-	1,153
Utility assistance	607	-	607
Unrestricted	<u>8,447</u>	<u>233,368</u>	<u>241,815</u>
 Total Net Position	 <u>\$ 80,235</u>	 <u>\$ 233,368</u>	 <u>\$ 313,603</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Government Wide Statement of Activities  
Year Ended June 30, 2014

<b>Function/Programs</b>	Direct	Indirect
<b>Governmental Activities</b>	Expenses	Expenses
<b>Health, Welfare &amp; Social Services:</b>		
Supportive Services:		
Information and assistance	\$ 14,742	\$ 10,387
Outreach	5,517	3,887
Transportation	6,084	4,287
Material aid	8,463	5,963
Recreation	17,701	12,472
Telephone	20,028	14,112
Other	8,119	2,914
Nutrition Services:		
Congregate meals	96,055	25,103
Nutrition education	2,521	1,776
Home delivered meals	120,118	37,576
Disease Prevention and Health Promotion:		
Wellness	7,026	4,951
National Family Caregiver Support:		
Respite care	14,970	-
Public education	2,684	1,891
Information and assistance	9,382	6,611
Other	9,883	3,966
Senior Center	-	-
Supplemental Senior Center	-	-
NSIP	-	-
Area Agency Administration	-	32,167
Audit Fund	1,568	-
<b>Administration</b>	<u>195,055</u>	<u>(168,063)</u>
Total governmental activities	<u>539,916</u>	<u>-</u>
<b>Business-Type Activities</b>		
Bingo	<u>114,842</u>	<u>-</u>
Total business-type activities	<u>114,842</u>	<u>-</u>
Total	<u>\$ 654,758</u>	<u>\$ -</u>

Net (Expense) Revenue and Increases  
(Decreases) in Net Assets

Charges for Services	Program Revenues		Total		
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
\$ -	\$ 14,845	\$ -	\$ (10,284)	\$ -	\$ (10,284)
-	5,555	-	(3,849)	-	(3,849)
-	6,127	-	(4,244)	-	(4,244)
-	8,522	-	(5,904)	-	(5,904)
-	17,824	-	(12,349)	-	(12,349)
-	20,168	-	(13,972)	-	(13,972)
-	6,517	-	(4,516)	-	(4,516)
2,253	110,535	-	(8,370)	-	(8,370)
-	3,920	-	(153,774)	-	(153,774)
847	98,366	-	94,916	-	94,916
-	4,508	-	(7,469)	-	(7,469)
-	9,556	-	(5,414)	-	(5,414)
-	2,920	-	(1,655)	-	(1,655)
-	10,209	-	(5,784)	-	(5,784)
-	8,840	-	(5,009)	-	(5,009)
-	56,268	-	56,268	-	56,268
-	5,511	-	5,511	-	5,511
-	29,089	-	29,089	-	29,089
-	32,167	-	-	-	-
-	1,568	-	-	-	-
-	26,992	-	-	-	-
<u>3,100</u>	<u>480,007</u>	<u>-</u>	<u>(56,809)</u>	<u>-</u>	<u>(56,809)</u>
<u>154,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,506</u>	<u>39,506</u>
<u>154,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,506</u>	<u>39,506</u>
<u>\$ 157,448</u>	<u>\$ 480,007</u>	<u>\$ -</u>	<u>(56,809)</u>	<u>39,506</u>	<u>(17,303)</u>
General Revenues:					
Grants and contributions not restricted to					
specific programs					
			76,920	-	76,920
			71	2,991	3,062
			2,650	298	2,948
			25,133	(25,133)	-
			<u>104,774</u>	<u>(21,844)</u>	<u>82,930</u>
			47,965	17,662	65,627
			<u>32,270</u>	<u>215,706</u>	<u>247,976</u>
			<u>\$ 80,235</u>	<u>\$ 233,368</u>	<u>\$ 313,603</u>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Balance Sheet  
Governmental Funds  
June 30, 2014

	General Fund	Title III B	Title III C-1	Title III C-2	Non-Major Funds	Total
<b>Assets</b>						
Cash	\$ 24,265	\$ -	\$ -	\$ -	\$ -	\$ 24,265
Grants and contracts receivable	11,203	-	-	-	-	11,203
Prepaid expense	1,153	-	-	-	-	1,153
Due from other funds	-	-	-	-	607	607
Total Assets	<u>\$ 36,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607</u>	<u>\$ 37,228</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 18,304	\$ -	\$ -	\$ -	\$ -	\$ 18,304
Accrued payroll and related benefits	4,302	-	-	-	-	4,302
Due to other funds	607	-	-	-	-	607
Total Liabilities	<u>23,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,213</u>
<b>Fund Balances:</b>						
Nonspendable:						
Prepaid expenditures	1,153	-	-	-	-	1,153
Restricted for:						
Utility assistance	-	-	-	-	607	607
Unassigned	12,255	-	-	-	-	12,255
Total Fund Balances	<u>13,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>607</u>	<u>14,015</u>
Total Liabilities and Fund Balances	<u>\$ 36,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607</u>	

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

- Compensated absences accrued are not paid for out of current financial resources and therefore are not reported in the funds (3,808)
- Notes payable are no due and payable in the current period and therefore are not reported in the funds (413,054)
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 483,082

Total net position of governmental activities \$ 80,235

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2014

	General Fund	Title III B	Title III C-1	Title III C-2	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 133,014	\$ 79,558	\$ 114,455	\$ 98,366	\$ 65,122	\$ 490,515
Department of Homeland Security	-	-	-	-	13,406	13,406
Facility Planning and Control	17,726	-	-	-	-	17,726
Program Service Fees:						
Congregate meals	-	-	2,253	-	-	2,253
Home delivered meals	-	-	-	847	-	847
Investment income	71	-	-	-	-	71
Local and miscellaneous:						
United way	12,650	-	-	-	-	12,650
Donations	22,630	-	-	-	-	22,630
Miscellaneous	2,650	-	-	-	-	2,650
Total Revenues	<u>188,741</u>	<u>79,558</u>	<u>116,708</u>	<u>99,213</u>	<u>78,528</u>	<u>562,748</u>
<b>EXPENDITURES</b>						
Health, Welfare, & Social Services						
Current:						
Personnel	12,955	68,883	38,187	51,247	25,415	196,687
Fringe	1,531	8,141	4,513	6,057	3,004	23,246
Travel	64	435	2,421	1,478	245	4,643
Operating Services	16,323	46,033	17,507	25,930	8,839	114,632
Operating Supplies	1,168	6,995	2,293	6,048	4,570	21,074
Other Costs	2,867	4,189	60,534	66,934	19,291	153,815
Capital outlay	41,933	-	-	-	-	41,933
Principal	9,286	-	-	-	-	9,286
Interest	14,910	-	-	-	-	14,910
Total Expenditures	<u>101,037</u>	<u>134,676</u>	<u>125,455</u>	<u>157,694</u>	<u>61,364</u>	<u>580,226</u>
Excess (deficiency) of revenues over expenditures	<u>87,704</u>	<u>(55,118)</u>	<u>(8,747)</u>	<u>(58,481)</u>	<u>17,164</u>	<u>(17,478)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	25,133	55,118	8,747	58,481	25,331	172,810
Transfers out	<u>(105,182)</u>	-	-	-	<u>(42,495)</u>	<u>(147,677)</u>
Total other financing sources and uses	<u>(80,049)</u>	<u>55,118</u>	<u>8,747</u>	<u>58,481</u>	<u>(17,164)</u>	<u>25,133</u>
Net increase in fund balances	7,655	-	-	-	-	7,655
<b>FUND BALANCES</b>						
Beginning of the year	<u>5,753</u>	-	-	-	<u>607</u>	<u>6,360</u>
End of the year	<u>\$ 13,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607</u>	<u>\$ 14,015</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2014

Net increase in fund balances - total governmental funds	\$ 7,655
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$41,933) exceeded depreciation expense (\$11,963) during the year	29,970
Governmental funds report principal payments on debt service as expenditures. However, in the statement of activities these payments are recorded as a reduction in note payable and an expense	9,286
Some expenses reported in the State of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Compensated absences	<u>1,054</u>
Change in net position of governmental activities	<u>\$ 47,965</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Statement of Net position  
 Proprietary Fund  
 June 30, 2014  
 (With Comparative Data for Prior Year)

		Business-Type Activities	
		Video Bingo	
		2014	2013
	<b>Assets</b>		
Current Assets:			
Cash		\$ 61,271	\$ 47,054
Certificate of deposit		168,590	165,682
Receivables, net		<u>7,017</u>	<u>6,241</u>
Total Current Assets		<u>236,878</u>	<u>218,977</u>
Total Assets		<u>\$ 236,878</u>	<u>\$ 218,977</u>
	<b>Liabilities</b>		
Current Liabilities:			
Accounts payable		\$ 3,380	\$ 3,140
Paryoll liabilities		<u>130</u>	<u>131</u>
Total Current Liabilities		<u>3,510</u>	<u>3,271</u>
Total Liabilities		<u>3,510</u>	<u>3,271</u>
	<b>Net Position</b>		
Unreserved		<u>233,368</u>	<u>215,706</u>
Total Net Position		<u>\$ 236,878</u>	<u>\$ 218,977</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Net position  
 Proprietary Fund  
 Year Ended June 30, 2014  
 (With Comparative Data for Prior Year)

	Business-Type Activities Video Bingo	
	2014	2013
Operating Revenue		
Charges for services	\$ 154,348	\$ 134,761
Miscellaneous	298	426
Total Operating Revenues	<u>154,646</u>	<u>135,187</u>
Operating Expenses		
Personnel and fringe	15,655	13,628
Operating services	45,490	39,705
Operating supplies	51,367	44,242
Other costs	2,330	1,905
Total Operating Expenses	<u>114,842</u>	<u>99,480</u>
Operating income	<u>39,804</u>	<u>35,707</u>
Nonoperating Revenues (Expenses)		
Interest income	<u>2,991</u>	<u>3,199</u>
Total Nonoperating Revenues	<u>2,991</u>	<u>3,199</u>
Income before transfers	42,795	38,906
Transfers out	<u>(25,133)</u>	<u>(18,008)</u>
Change in Net Position	17,662	20,898
Net Position - Beginning	<u>215,706</u>	<u>194,808</u>
Net Position - Ending	<u>\$ 233,368</u>	<u>\$ 215,706</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Statement of Cash Flows  
 Proprietary Fund  
 Year Ended June 30, 2014

	Business-Type Activities <u>Video Bingo</u>
Cash flows from operating activities:	
Receipts from customers	\$ 153,870
Payments to suppliers for goods and services	(98,947)
Payments to employees for services	<u>(15,656)</u>
Net cash provided by operating activities	<u>39,267</u>
Cash flows from noncapital financing activities:	
Transfers to general fund	<u>(25,133)</u>
Net cash used by noncapital financing activities	<u>(25,133)</u>
Cash flows from investing activities:	
Interest on investments	<u>2,991</u>
Net cash provided by investing activities	<u>2,991</u>
Net increase in cash and cash equivalents	17,125
Cash and cash equivalents, beginning of year	<u>212,736</u>
Cash and cash equivalents, end of year	<u>\$ 229,861</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 39,804
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in current assets and liabilities:	
Decrease in accounts receivable	(776)
Increase in accounts payable	240
Decrease in payroll liabilities	<u>(1)</u>
Net cash provided by operating activities	<u>\$ 39,267</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Natchitoches Council on Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

A. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Natchitoches 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) 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 Natchitoches Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

B. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies, as well as the policies and regulations established by GOEA.

NATCHITOCHEES PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Natchitoches Council on Aging, Inc. is a legally separate, non-profit, quasi-public corporation. The Council incorporated under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes on March 3, 1969 and subsequently received its charter from the Governor of the State of Louisiana.

A board of directors, consisting of 11 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

- All members from throughout Natchitoches Parish shall be elected by the general membership at the Council's annual meeting.

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

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council 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 this statement, the Council has presented its financial statements as a special-purpose, stand-alone government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

C. Presentation of Statements

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities except for the Bingo fund, a business-type activity. The Council does not have any fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

D. Basic Financial Statements - Government-Wide Statements

The government-wide financial statements include the Statement of Net position and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

presentation focuses primarily on the sustainability of the Council as an entity and the change in its net position (financial position) resulting from the activities of the current fiscal year. Intergovernmental revenues primarily support governmental activities.

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted public support, 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 amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and restricted 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.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. The Statements of Activities shows this allocation in a separate column labeled "indirect expenses."

In the Statements of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted grants, interest income and miscellaneous revenues that are not included among program revenues are reported instead as general revenues in the statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues. The Council did not have any material special items this year.

E. Basic Financial Statements - Fund Financial Statements

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

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The daily accounts and operations of the Council continue to be organized using funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified on a hierarchy that shows, from the highest to the lowest, the level or form of constraints on fund balance and accordingly, the extent to which the Council is bound to honor them; nonspendable, restricted, committed, assigned, and unassigned.

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

**The General Fund** is the primary operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund. The following is a description of the programs or funding sources that comprise the Council's General Fund:

**Local Programs and Funding** are revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at management's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues. In addition, capital outlay expenditures are usually made with local funds to minimize restrictions on the used and disposition of fixed assets.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PCOA (Act 735) funds are appropriated annually for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council's management may use these "Act 735" funds at its discretion to fund any of its programs provided the program is benefiting elderly people (those who are at least 60 years old). During the year, the Council received this grant money into its General Fund and management transferred \$37,500 of the PCOA funds to the Title III C-1 and Title III C-2 Nutrition Services Fund to help pay for program expenditures of that fund.

**The Senior Center Fund and Supplemental Senior Center Funds** are also appropriated annually for the Council and remitted to the Council via GOEA. These grant funds can be used at management's discretion to pay for costs of any program involving elderly persons who are at least 60 years old. To obtain supportive services and participate in activities which foster their independences, enhance their dignity, and encourage their involvement in and with the community, the elderly person will come to a "senior center." During the year, management transferred of its Senior Center (\$55,118) grant funds to the Title III B Fund and (\$693) to the Title III C-2 Fund, and all of its Supplemental Senior Center (\$5,511) grant funds to the Title III C-2 Fund to subsidize that program's cost of providing supportive services to elderly persons who used the senior center.

**Fundraisers** were held during the year by the Council's board of directors to raise more unrestricted revenue. The two main fundraisers were a poinsetta sale raising \$1,320 and a gumbo sale raising \$1,124.

**The AAA Fund (Area Agency on Aging)** is used to account for funds received from the Governor's Office of Elderly Affairs that are used to subsidize the costs of administering the Council's special programs for the aging. This year the GOEA granted the Council \$32,167 of AAA funding, which has been received and accounted for in the Council's General Fund along with an equal amount of administrative expenditures. The amount of funding is not enough to pay for all the indirect administrative (indirect) type costs. As a result, the Council will consume the GOEA grant funds first when paying for administrative costs and then allocate the excess administrative costs to other programs using a formula based on the percentage each program's direct costs bears in direct costs for all programs. In addition, due to program restrictions, administrative costs may not be allocated to certain funds and programs.

**The Audit Fund** is used to account for funds received from the Governor's Office of Elderly Affairs that are used to subsidize the cost of the Council's annual audit. The audit funds (\$1,568 for FY 2014) were received and accounted for in the General Fund and used to help pay for the cost of the audit, which was included as a component of full service expenditures in the General Fund.

**Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "*proceeds of specific revenue*"

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*sources*" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue and their classification as either a major or nonmajor governmental fund:

Major Special Revenue Funds

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

	<u>Units</u>
Information and assistance	681
Outreach	149
Public education	85
Transportation	1,175
Legal assistance	99
Material aid	10,657

The main source of revenue received this year that form the basis of this fund is a grant the Council received from GOEA for Special Programs for the Aging \_ Title III, Part B \_ Supportive Services (\$79,558).

**Title III C-1 Fund** receives funding from United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This fund is used to account for funds which are used to provide nutritional, congregate meals to the elderly in strategically located centers. During the fiscal year ended June 30, 2014, the Council served about 16,055 congregate meals and also provided 42 units of nutritional education to eligible participants.

There were two main sources of revenue received this year that form the basis of this fund: Grants from GOEA for Special Programs for the Aging \_ Title III, Part C-1 \_ Nutrition Services (\$114,455) and restricted, voluntary contributions from those persons who received congregate meals (\$2,253).

**The Title III C-2 Fund** is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. Using Title III C-2 funds the Council served 25,297 meals during the year to people eligible to participate in this program.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

There were two main sources of revenue received this year that form the basis of this fund: Grants from GOEA for Special Programs for the Aging \_ Title III, Part C-2 \_ Nutrition Services (\$98,366) and restricted, voluntary contributions from the public (\$847), including those persons actually receiving home-delivered meal services.

Non-Major Special Revenue Funds

**The Title III D Fund** is used to account for funds used for disease prevention and health promotion (wellness) activities. During the fiscal year 4,150 units of wellness service were provided to eligible participants in this program. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA for Special Programs for the Aging \_ Title III, Part D \_ Disease Prevention and Health Promotion Services (\$4,508).

**The Title III E Fund** is used to account for funds used to provide services, such as; (1) information to caregivers about available services, (2) assistance to caregivers in gaining access to the services, (3) individual counseling, (4) organizational support groups, (5) caregiver training to caregivers in making decisions and solving problems relating to their caregiving roles, (6) respite care to enable caregivers to be temporarily relieved from their caregiving responsibilities, and (7) supplemental services, on a limited basis, to complement the care provided by caregivers. Then number of units provided under the Title III E is as follows:

	<u>Units</u>
In-home respite	1,247
Material aid	195
Personal care	354
Information and assistance	50
Public education	53
Outreach	50

The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA for the Title III, Part E \_ National Family Caregivers Support Program (\$31,525).

**The NSIP Fund (National Services Incentive Program)** is used to account for the administration of Nutrition Program for the Elderly funds provided by the United States Department of Agriculture through the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program reimburses the service provider about sixty-five cents for each congregate and home-delivered meal served to an eligible participant so the United States food and commodities may be purchased to supplement these programs.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**The EFSP Fund** is used to account for the administration of the Emergency Food and Shelter National Board Program (EFSP), the purpose of which is to supplement food and shelter assistance to individuals. Funds are provided by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) to the United Way of America, which in turn "passes through" the funds to the Council.

**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 the aging throughout the state to provide assistance to the elderly for the payment of their utility bills. No indirect or administration expenses can be paid for with these funds.

Additionally, the Council reports the following fund types:

**Proprietary Funds**

**Proprietary Funds** are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. Proprietary funds include the following fund types:

**Enterprise Funds** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Council applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The Council's enterprise fund is the Bingo Fund.

**Bingo Fund** accounts for the income and expenses associated with the bingo machines operated by the Council.

F. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrual Basis – Government-Wide Financial Statements (GWFS):

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Regardless of the time of related cash flows.

Modified Accrual Basis – Fund Financial Statements (FFS):

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be "available" if they are collected within 60 days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

G. Interfund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

H. 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.

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Receivables

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectability of any receivable, management would write off the receivable as bad debt at that time.

J. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net position, depending on when management expects to realize their benefits.

In the fund financial statements, management has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been classified as nonspendable to reflect the amount of fund balance not currently available for expenditure.

For purposes of presenting prepaid expenses in the government-wide statements, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Disbursements made as "matching" payments to acquire vehicles that will be titled to another government are recorded as a prepaid expense and amortized in the Statement of Net position to better present the economics of this type of transaction and to keep from distorting the Council's transportation expenses in the Statement of Activities. In contrast, 100% of the "matching" payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received.

K. Capital Assets

The accounting and reporting treatment used for property, vehicles, and equipment (capital assets) depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

Government-Wide Financial Statements

Capital assets are long-lived assets purchased or acquired with an original cost of at least \$1,000 and 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

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation.

Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Furniture and equipment	5 years
Vehicles	5 years
Building and improvements	15-25 years
Land improvements	20 years

When calculating depreciation, the State's guidelines assumes that capital assets will not have any salvage value.

Fund Financial Statements

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.

L. Unpaid 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. Management has estimated the current and long-term portions of this liability based on historical trends. 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. The differences in the methods of accruing compensated absences create a reconciling item between the fund and government-wide financial statement presentations.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

M. Deferred Revenues

The Council reports deferred revenues on both the Statement of Net position (government-wide) and the Balance Sheet (fund financial statements). Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net position and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenue at year end.

N. Non-Current (Long-term) Liabilities

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

O. Net position in the Government-wide Financial Statements

In the government-wide Statement of Net position, the Net Asset amounts is classified and displayed in three components:

- Invested in capital assets – This component 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 – This component consists of net position with constraints placed on the 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 – This component consists of all other net position that do not meet the definition of “restricted” or “invested in capital assets.”

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first to finance its activities.

P. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2011, the Council's management implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the

relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources are either:
  - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - Imposed by law through constitutional provisions or enabling legislation.

Management has classified fund balance for utility assistance as being restricted due to the constraints placed on the use of the money contributed.

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purposes unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year end.
- **Assigned:** This classification includes amounts that are constrained by the Council's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose. The Council did not have any assigned resources as of year end.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Unassigned:** This classification is the residual fund balance of the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Council will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Council's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Q. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

R. 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.

S. 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.

T. Subsequent Events

Management has evaluated subsequent events through October 21, 2014, the date the financial statements were available to be issued. There were no events that required disclosure.

NOTE 2 REVENUE RECOGNITION

Revenues are recorded in the government-wide financial statements when they are earned under the accrual basis of accounting.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 REVENUE RECOGNITION (Continued)

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

The Older American Act of 1965 Title III programs operate under a performance based contract. Title III program revenue is earned by the Council based on units of service provided within the guidelines of the related programs.

NOTE 3 CASH MANAGEMENT AND BANK DEPOSITS

The Council maintains a consolidated bank account which is available for use by all funds to deposit revenues and pay expenses. 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 Council also maintains another demand deposit account to manage its EFSP funds.

As described by Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

Cash is reported at its carrying value, which equals its fair value. At year-end, the combined carrying amount of the Council's cash balances on its books was \$85,536, whereas the related bank balances totaled \$95,211. The primary difference in these amounts relates to deposits made to and checks written on demand deposits accounts that have not yet cleared the bank accounts. At year-end, all of the bank balances were insured 100% by federal depository insurance.

<u>Cash</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
City Bank & Trust	<u>\$ 85,536</u>	<u>\$ 85,536</u>	None	Demand	Category 1
Total Cash	<u>\$ 85,536</u>	<u>\$ 85,536</u>			
Unrestricted Purpose	\$ 84,929				
Restricted - Utility Assistance	<u>607</u>				
	<u>\$ 85,536</u>				

As illustrated in the above table, some of the Council's cash and investments are restricted assets for presentation in the Statement of Net position. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose.

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH MANAGEMENT AND BANK DEPOSITS (Continued)

The Council also has three certificates of deposit with terms ranging from nine to sixty months. The annual percentage yield for these certificates of deposit range from .3% - 2.35% as of June 30, 2014.

NOTE 4 PREPAID EXPENDITURES AND EXPENSES

At year end, prepaid expenditures in the Fund Balance Sheet consists of \$1,153 of prepaid insurance. Any prepaid expenditures are considered current, which management expects the Council to consume and economically benefit from in the next fiscal year.

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES

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

	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 607
Special Revenue Funds:		
Energy Assistance Fund	<u>607</u>	<u>-</u>
	<u>\$ 607</u>	<u>\$ 607</u>

NOTE 6 CHANGES IN CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

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

	Balance 06-30-13	Increases	Decreases	Balance 06-30-14
Capital Assets				
Buildings and improvements	\$ 3,409	\$ -	\$ -	\$ 3,409
Land	420,000	-	-	420,000
Land improvements	18,400	-	-	18,400
Vehicles	61,405	20,607	-	82,012
Furniture & equipment	20,782	3,600	-	24,382
Construction in progress	<u>-</u>	<u>17,726</u>	<u>-</u>	<u>17,726</u>
Subtotal	<u>523,996</u>	<u>41,933</u>	<u>-</u>	<u>565,929</u>
Accumulated depreciation				
Building	1,802	184	-	1,986
Land improvements	2,646	920	-	3,566
Vehicles	48,403	9,183	-	57,586
Furniture & equipment	<u>18,033</u>	<u>1,676</u>	<u>-</u>	<u>19,709</u>
Subtotal	<u>70,884</u>	<u>11,963</u>	<u>-</u>	<u>82,847</u>
Net capital assets	<u>\$453,112</u>	<u>\$ 29,970</u>	<u>\$ -</u>	<u>\$483,082</u>

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CHANGES IN CAPITAL ASSETS AND ACCUMULATED DEPRECIATION (Continued)

All the Council's vehicles are operational at year end. The Council's management has reviewed capital assets and does not believe any capital assets has been impaired as of year-end.

Depreciation of \$11,963 was charged to governmental activities as administrative expense for the year ended June 30, 2014.

NOTE 7 CHANGES IN LONG-TERM DEBT

The Council had long-term debt related to compensated absences and a note payable during the year ended June 30, 2014. The following is a schedule of the changes in long-term debt for the accrued compensated absences as well as the note payable:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Accrued annual leave	\$ 4,862	\$ -	\$ (1,054)	\$ 3,808
Note payable	<u>422,340</u>	<u>-</u>	<u>(9,286)</u>	<u>413,054</u>
	<u>\$ 427,202</u>	<u>\$ -</u>	<u>\$ (10,340)</u>	<u>\$ 416,862</u>

Note payable at June 30, 2014, is comprised of the following:

Note payable from MidSouth Bank, N.A., dated January 31, 2013, in the original amount of \$425,000, payable in 60 monthly installments of \$1,861, and one last payment of \$381,896, bearing interest at 3.25% per annum, secured by deposit accounts	<u>\$ 413,054</u>
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The annual requirements to amortize all debt outstanding at June 30, 2014, including interest payments of \$48,134, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 8,832	\$ 13,503
2016	9,091	13,243
2017	9,432	12,903
2018	<u>385,699</u>	<u>8,485</u>
	<u>\$ 413,054</u>	<u>\$ 48,134</u>

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 FUND BALANCES – FUND FINANCIAL STATEMENTS

The General Fund has \$1,153 of nonspendable funds that are to be used for prepaid expenses.

The Council also has \$607 of utility assistance contributions that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

NOTE 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 can request reimbursement for out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

NOTE 10 INCOME TAX STATUS

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, 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. However, should the Council engage in activities unrelated to its exempt purpose, taxable income could result. The Council had no material unrelated business income for the fiscal year under audit.

Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a "more than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Council has evaluated its tax position and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740. Accordingly, implementation of ASC 740 did not have any impact on the accompanying financial statements

The Council's management believes it is no longer subject to income tax examinations for fiscal years prior to June 30, 2011.

NOTE 11 JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

As of the end of this fiscal year, the Council's management has no knowledge of any pending litigation, lawsuits, or claims against the Council. Furthermore, the Council's management believes that any unexpected lawsuits or claims that might be filed against the Council would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 12 CONTINGENCIES – GRANT PROGRAMS

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the 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 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.

NOTE 13 INTERFUND TRANSFERS

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 to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for by special revenue funds to eliminate program deficits.

These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

Operating transfers to and from the various funds are as follows for the fiscal year:

	General Fund	Funds transferring in:		
		Title III B	Title III C-1	Title III C-2
<u>Funds transferring out:</u>				
General Fund	\$ -	\$ -	\$ -	\$ -
PCOA	-	-	1,875	16,654
Senior Center	-	55,118	-	693
Supplemental Senior Center	-	-	-	5,511
	<u>-</u>	<u>55,118</u>	<u>1,875</u>	<u>22,858</u>
Special Revenue Funds:				
Non-Major Funds:				
NSIP	-	-	6,872	22,217
EFSP	-	-	-	13,406
Total Special Revenue Funds	<u>-</u>	<u>-</u>	<u>6,872</u>	<u>35,623</u>
Proprietary Fund:				
Bingo	<u>25,133</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all funds	<u>\$ 25,133</u>	<u>\$ 55,118</u>	<u>\$ 8,747</u>	<u>\$ 58,481</u>

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 INTERFUND TRANSFERS (Continued)

	Funds transferring in:		
	Title III D	Title III E	Total
<u>Funds transferring out:</u>			
General Fund	\$ -	\$ 6,360	\$ 6,360
PCOA	7,469	11,502	37,500
Senior Center	-	-	55,811
Supplemental Senior Center	-	-	5,511
	<u>7,469</u>	<u>17,862</u>	<u>105,182</u>
Special Revenue Funds:			
Non-Major Funds:			
NSIP	-	-	29,089
EFSP	-	-	13,406
Total Special Revenue Funds	<u>-</u>	<u>-</u>	<u>42,495</u>
Proprietary Fund:			
Bingo	-	-	25,133
Total all funds	<u>\$ 7,469</u>	<u>\$ 17,862</u>	<u>\$ 172,810</u>

NOTE 14 ECONOMIC DEPENDENCY

The Council receives the majority of its revenue through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA). The grant amounts are appropriated each year by the federal, state and local governments. If significant budget cuts are made at the federal, state and/or local 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.

NOTE 15 RISK MANAGEMENT

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

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

NOTE 16 RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the year.

**SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34**

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
 General Fund  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 5,753	\$ 5,753	\$ 5,753	\$ -
Resources (inflows):				
Intergovernmental	133,014	133,014	150,740	17,726
Local and miscellaneous	39,540	39,540	38,001	(1,539)
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>25,133</u>	<u>133</u>
Amounts available for appropriation	<u>203,307</u>	<u>203,307</u>	<u>219,627</u>	<u>16,320</u>
Charges to appropriations (outflows):				
Personnel	12,202	12,202	12,955	(753)
Fringe	1,455	1,455	1,531	(76)
Travel	93	93	64	29
Operating services	16,696	16,696	16,323	373
Operating supplies	1,615	1,615	1,168	447
Other costs	2,130	2,130	2,867	(737)
Capital outlay	42,000	42,000	41,933	67
Debt service	24,000	24,000	24,196	(196)
Transfers out	<u>99,279</u>	<u>99,279</u>	<u>105,182</u>	<u>(5,903)</u>
Total charges to appropriations	<u>199,470</u>	<u>199,470</u>	<u>206,219</u>	<u>(6,749)</u>
Budgetary fund balance, June 30	<u>\$ 3,837</u>	<u>\$ 3,837</u>	<u>\$ 13,408</u>	<u>\$ 9,571</u>

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
 Title III B  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	79,558	79,558	79,558	-
Program income	-	-	-	-
Transfers in	<u>60,248</u>	<u>60,248</u>	<u>55,118</u>	<u>(5,130)</u>
Amounts available for appropriation	<u>139,806</u>	<u>139,806</u>	<u>134,676</u>	<u>(5,130)</u>
Charges to appropriations (outflows):				
Personnel	69,256	69,256	68,883	373
Fringe	8,256	8,256	8,141	115
Travel	1,846	1,846	435	1,411
Operating services	48,334	48,334	46,033	2,301
Operating supplies	7,922	7,922	6,995	927
Other costs	<u>4,192</u>	<u>4,192</u>	<u>4,189</u>	<u>3</u>
Total charges to appropriations	<u>139,806</u>	<u>139,806</u>	<u>134,676</u>	<u>5,130</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
 Title III C-1  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	114,455	114,455	114,455	-
Program income	2,500	2,500	2,253	(247)
Transfers in	<u>15,844</u>	<u>15,844</u>	<u>8,747</u>	<u>(7,097)</u>
Amounts available for appropriation	<u>132,799</u>	<u>132,799</u>	<u>125,455</u>	<u>(7,344)</u>
Charges to appropriations (outflows):				
Personnel	36,304	36,304	38,187	(1,883)
Fringe	4,328	4,328	4,513	(185)
Travel	2,783	2,783	2,421	362
Operating services	18,179	18,179	17,507	672
Operating supplies	2,809	2,809	2,293	516
Other costs	<u>68,396</u>	<u>68,396</u>	<u>60,534</u>	<u>7,862</u>
Total charges to appropriations	<u>132,799</u>	<u>132,799</u>	<u>125,455</u>	<u>7,344</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
 Title III C-2  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	98,366	98,366	98,366	-
Program income	2,500	2,500	847	(1,653)
Transfers in	<u>65,147</u>	<u>65,147</u>	<u>58,481</u>	<u>(6,666)</u>
Amounts available for appropriation	<u>166,013</u>	<u>166,013</u>	<u>157,694</u>	<u>(8,319)</u>
Charges to appropriations (outflows):				
Personnel	48,868	48,868	51,247	(2,379)
Fringe	5,825	5,825	6,057	(232)
Travel	1,645	1,645	1,478	167
Operating services	27,011	27,011	25,930	1,081
Operating supplies	7,041	7,041	6,048	993
Other costs	<u>75,623</u>	<u>75,623</u>	<u>66,934</u>	<u>8,689</u>
Total charges to appropriations	<u>166,013</u>	<u>166,013</u>	<u>157,694</u>	<u>8,319</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Schedule of Non-Major Funds  
Year Ended June 30, 2014

	Title III D	Title III E	NSIP	EFSP	Utility Assistance	Total
<b>REVENUES</b>						
Intergovernmental:						
Governor's Office of Elderly Affairs	\$ 4,508	\$ 31,525	\$ 29,089	\$ -	\$ -	\$ 65,122
Department of Homeland Security	-	-	-	13,406	-	13,406
Total Revenues	<u>4,508</u>	<u>31,525</u>	<u>29,089</u>	<u>13,406</u>	<u>-</u>	<u>78,528</u>
<b>EXPENDITURES</b>						
Current:						
Personnel	7,182	18,233	-	-	-	25,415
Fringe	849	2,155	-	-	-	3,004
Travel	16	229	-	-	-	245
Operating services	2,512	6,327	-	-	-	8,839
Operating supplies	1,400	3,170	-	-	-	4,570
Other costs	18	19,273	-	-	-	19,291
Total Expenditures	<u>11,977</u>	<u>49,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,364</u>
Excess (deficiency) of revenues over expenditures	<u>(7,469)</u>	<u>(17,862)</u>	<u>29,089</u>	<u>13,406</u>	<u>-</u>	<u>17,164</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	7,469	17,862	-	-	-	25,331
Transfers out	-	-	(29,089)	(13,406)	-	(42,495)
Total other financing sources and uses	<u>7,469</u>	<u>17,862</u>	<u>(29,089)</u>	<u>(13,406)</u>	<u>-</u>	<u>(17,164)</u>
Net increase in fund balances	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Beginning of the year	-	-	-	-	607	607
End of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607</u>	<u>\$ 607</u>

NATCHITOCHE PARISH COUNCIL ON AGING, INC.

Comparative Schedule of General Fixed Assets  
 And Changes In General Fixed Assets  
 Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<b>General fixed assets:</b>				
Vehicles	\$ 61,405	\$ 20,607	\$ -	\$ 82,012
Furniture and equipment	20,782	3,600	-	24,382
Buildings and improvements	3,409	-	-	3,409
Land	420,000	-	-	420,000
Land improvements	18,400	-	-	18,400
Construction in progress	<u>-</u>	<u>17,726</u>	<u>-</u>	<u>17,726</u>
<b>Total general fixed assets</b>	<b><u>\$ 523,996</u></b>	<b><u>\$ 41,933</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 565,929</u></b>
<b>Investment in general fixed assets:</b>				
Property acquired with funds from -				
AAA	\$ 22,248	\$ 3,600	\$ -	\$ 25,848
Title III D	1,405	-	-	1,405
PCOA	27,734	-	-	27,734
Local, Donation, Section 16	450,313	15,000	-	465,313
Bingo Fund	22,296	5,607	-	27,903
Facility Planning and Control	<u>-</u>	<u>17,726</u>	<u>-</u>	<u>17,726</u>
<b>Total investment in general fixed assets</b>	<b><u>\$ 523,996</u></b>	<b><u>\$ 41,933</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 565,929</u></b>



**Darnall, Sikes,  
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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*

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The Board of Directors  
Natchitoches Parish Council on Aging, Inc.  
Natchitoches, Louisiana

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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Natchitoches Council on Aging, Inc., as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Natchitoches Council on Aging, Inc.'s basic financial statements, and have issued our report thereon dated October 21, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Natchitoches Council on Aging, Inc.'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 Natchitoches Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Natchitoches Council on Aging, Inc. 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.

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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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana

October 21, 2014

NATCHITOCHEES PARISH COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

Part I: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report - Financial Statements

An unmodified opinion has been issued on Natchitoches Parish Council on Aging, Inc.'s financial statements as of and for the year ended June 30, 2014.

Deficiencies and Material Weaknesses in Internal Control – Financial Reporting

No deficiencies or material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements.

Material Noncompliance - Financial Reporting

No instances of noncompliance were noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2014.

Part II: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no deficiencies or material weaknesses in internal control over financial reporting or instances of material noncompliance noted during the audit.

Part III: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2014, the Natchitoches Parish Council on Aging, Inc. did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2014

No prior year findings were noted; therefore, no response is necessary.

NATCHITOCHEs PARISH COUNCIL ON AGING, INC.

Management's Corrective Action Plan  
Year Ended June 30, 2014

No current year findings were noted; therefore, no response is necessary.