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**Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana**

**Financial Statements**

**As of and for the Year Ended June 30, 1999  
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-12-00

**JAMES T. BATES  
CERTIFIED PUBLIC ACCOUNTANT**

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Bossier City, Louisiana 71111

**Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana**

**Financial Statements**

**As of and for the Year Ended June 30, 1999  
With Supplemental Information Schedules**

Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

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Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

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## Independent Auditor's Report

To the Board of Directors  
Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

I have audited the accompanying statement of financial position of Pine Belt Multi-Purpose Community Action Agency, Inc. as of June 30, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Pine Belt Multi-Purpose Community Action Agency, Inc.'s management. My responsibility is to express an opinion on these statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to the above present fairly, in all material respects, the financial position of Pine Belt Multi-Purpose Community Action Agency, Inc. as of June 30, 1999 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 15, 1999 on my consideration of Pine Belt Multi-Purpose Community Action Agency, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying supplemental combining schedules on page 15 and 16 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules For Grants and Contracts Analysis" in the table of contents, and shown on pages 18 - 28, are presented for the purpose of providing various funding sources of Pine Belt Multi-Purpose Community Action Agency, Inc. additional individual grant and contract analysis and are not a required part of the financial statements. The information is prepared on a prescribed basis of the various funding sources of Pine Belt Multi-Purpose Community Action Agency, Inc., and certain schedules are for

periods other than Pine Belt's audit year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, these schedules are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedure applied in the audit of the financial statements and, in my opinion, they are fairly stated on the basis of accounting practices prescribed by the funding sources.



December 15, 1999

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Statement of Financial Position  
June 30, 1999

Assets	
Current assets:	
Cash	\$ 130,496
Grant receivables	69,530
Due from other funds	11,624
Other receivables	<u>2,302</u>
Total current assets	<u>213,952</u>
Property and equipment:	
Property and equipment	1,133,206
Accumulated depreciation	<u>817,592</u>
Net property and equipment	<u>315,614</u>
<b>Total Assets</b>	<b>\$ <u><u>529,566</u></u></b>
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable	\$ 26,542
Accrued liabilities	14,252
Refundable advances	50,064
Due to other funds	11,624
Line of credit	50,000
Current portion of long-term debt	19,536
Current portion of other long-term liabilities	<u>6,528</u>
Total current liabilities	<u>178,546</u>
Long-term Liabilities:	
Long-term debt	12,960
Other long-term liabilities	<u>32,551</u>
Total long-term liabilities	<u>45,511</u>
Total Liabilities	<u>224,057</u>
Net assets:	
Unrestricted:	
Operating	(38,377)
Designated for specific programs	84,206
Fixed assets	<u>259,680</u>
Total net assets	<u>305,509</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u><u>529,566</u></u></b>

The accompanying notes are an integral part of the financial statements.



**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Statement of Activities  
For the Year Ended June 30, 1999

	<i>Unrestricted</i>
Revenues and Other Support:	
Contractual revenue - grants	\$ 2,751,075
Donations - police juries	27,000
Miscellaneous revenues	43,332
Gain on disposal of vehicles	1,380
Total revenues and other support	2,822,787
Expenses:	
Head start program	1,631,043
Child nutrition services	203,686
Community services	369,158
Transportation services	202,012
Education services	0
Emergency food and shelter	55,012
Summer child care	160,392
Housing services	39,460
Family preservation	310
Summer food service	8,238
Commodities distribution	14,682
Other general services	85,969
Total expenses	2,769,962
Change in net assets	52,825
Net assets, as of beginning of year	247,084
Transfer of fixed assets to funding source- terminated program	0
Prior year adjustment	5,600
Net assets, as of end of year	\$ 305,509

The accompanying notes are an integral part of the financial statements.



**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Statement of Cash Flows  
For the Year Ended June 30, 1999

Operating activities

Change in net assets	\$ 58,425
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	102,874
Gain on sale of property and equipment	(1,380)
(Increase) decrease in operating assets:	
Grant receivables	65,944
Other receivables	(2,302)
Increase (decrease) in operating liabilities:	
Accounts payable	2,693
Accrued liabilities	1,168
Refundable advances	(39,969)
Net cash provided by operating activities	<u>187,453</u>

Investing Activities

Payments for property and equipment	(117,139)
Proceeds from disposal of property and equipment	<u>1,380</u>
Net cash used in investing activities	<u>(115,759)</u>

Financing Activities

New loan principal	58,468
Repayments of long-term debt	(101,131)
Repayments of other long-term liabilities	<u>(8,602)</u>
Net cash provided by financing activities	<u>(51,265)</u>

Net (decrease) in cash	20,429
Cash as of beginning of year	110,067
Cash as of ending of year	<u>\$ <u>130,496</u></u>

The accompanying notes are an integral part of the financial statements.

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements  
June 30, 1999

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Pine Belt Multi-Purpose Community Action Agency, Inc. (Pine Belt) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. Pine Belt is governed by a Board of Directors composed of members from Jackson, Bienville, Morehouse, Red River, Sabine and Winn Parishes which are the parishes that Pine Belt serves. Pine Belt operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in these parishes in Louisiana. The following programs, with their approximate percentage of total revenues indicated, are administered by Pine Belt:

**Head Start Program (58%)** - Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

**Child and Adult Care Food Program (7%)** - Provides a food service program in coordination with the Head Start and Summer Child Care Assistance Programs. Funding is provided by the federal funds from U.S.D.A. passed through the Louisiana Department of Education.

**Community Services Block Grant (13%)** - Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Department of Labor.

**Project Independence Transportation (7%)** - Provides transportation services to eligible participants. Funding is provided by federal and state funds from Louisiana Department of Social Services, transportation fares, and miscellaneous revenues.

**Project Independence Education (0%)** - Provides education, job skills training, job development and placement skills to eligible participants. Funding is provided by federal and state funds from Louisiana Department of Social Services.

**Emergency Food and Shelter (2%)** - Provides emergency food and shelter in areas of high need throughout the community to persons based upon their unemployment or poverty status. Funding is provided by federal FEMA funds passed through a local governing board.

**Summer Child Care Assistance (6%)** - Provides quality child care during the summer months to children identified by the Head Start program. The children can not exceed 13 years of age except for children with disabilities. Funding is provide by federal funds passed through the Louisiana Department of Social Services.

**Section 8 Housing Assistance Program (2%)** - Provides a housing subsidy program funded by the United States Department of Housing and Urban Development. Pine Belt has entered into a contract to administer the program for Jackson Parish in Louisiana. The program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

for low-income families at rents they can afford. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the occupant family's at required contribution toward the rent.

**Family Preservation (0%)** - Provides services to citizens of Jackson and Union parishes in the development and strengthening of low income families, with primary focus on expansion of the agency's resource directory and instructional training for implementing parent training classes. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

**Summer Food Service Program(1%)** - Provides a food service program for needy children during the summer months when area schools are closed for the summer. Funding is provided by federal funds passed through the Louisiana Department of Education.

**Commodities Distribution (1%)** - Provides distribution of U.S.D.A. donated commodities to eligible persons in the community. Funding is provided by federal funds passed through the Louisiana Department of Agriculture and Forestry.

**General Assistance (3%)** - Accounts for miscellaneous administrative activities and other general operations of the agency that are not charged to another fund. Revenue consists of miscellaneous receipts collected during the year.

**B. Basis of Accounting**

The financial statements of Pine Belt have been prepared on the accrual basis of accounting.

**C. Basis of Presentation**

Financial statement presentation follows the recommendations of Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**D. Income Tax Status**

Pine Belt is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of Internal Revenue Code. However, income from certain activities not directly related to Pine Belt's tax - exempt purpose would be subject to taxation as unrelated business income. Pine Belt had no such income for this audit period.

**E. Uses of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

F. Cash and Cash Equivalents

For purposes of the Statement of cash flows, Pine Belt considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Property and Equipment

Property and equipment are carried at cost, or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

I. Compensated Absences

Employees may accrue vacation leave up to 144 hours. Upon an employee's separation of employment, earned and/or accrued leave will be paid up to a maximum of 80 hours. Employees can also accrue sick leave, but accumulated sick leave is forfeited upon separation of employment.

J. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Pine Belt to concentrations of credit risk consist principally of temporary cash investments and grant receivables. Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 1999, Pine Belt had no significant concentrations of credit risk in relation to grant receivables.

Pine Belt maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. June 30, 1999, total cash balances held at  
(Continued)



**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

financial institutions was \$237,606. Of this amount, \$135,170 was secured by FDIC and the remaining \$102,436 was secured by a collateralization agreement with a financial institution.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 1999, but received after that date.

(4) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at June 30, 1999:

Fund	Due From Other Funds	Due To Other Funds
Unrestricted	\$ 8,927	\$ -0-
Restricted Funds:		
Headstart - due from Headstart Food Service	505	-0-
Headstart Food Service	-0-	505
Project Independence Transportation Program	2,192	239
Project Independence Education Program	-0-	6,644
Section 8 Housing Assistance Program	-0-	337
Summer Food Service Program	-0-	3,899
	<u>\$ 11,624</u>	<u>\$ 11,624</u>

(5) Property and Equipment

Property and Equipment consists of the following at June 30, 1999:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Buildings	20-30 years	\$ 58,912	\$ -0-	\$ 58,912
Furniture and Equipment	5-7 years	371,222	52,998	424,220
Vehicles	5 years	508,621	141,453	650,074
Accumulated Depreciation		(702,996)	(114,596)	(817,592)
Net investment in property and equipment		<u>\$ 235,759</u>	<u>\$ 79,855</u>	<u>\$ 315,614</u>

Depreciation for the year ended June 30, 1999 is \$102,874.

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

(6) Refundable Advances

*Pine Belt records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.*

(7) Other Liabilities

Other Liabilities at June 30, 1999 consist of the following:

	<u>Total</u>	<u>Current</u>	<u>Long-Term</u>
Amount due to the Louisiana Department of Social Services, Office of Community Services resulting from unresolved findings and questioned costs associated with the Weatherization Assistance Program from 1989 through 1994. A repayment agreement for \$59,206 has been formally accepted. The repayment agreement calls for an initial payment of \$2,000 with 105 monthly payments of \$544 and the 106 <sup>th</sup> payment in the amount of \$87.	<u>\$ 39,079</u>	<u>\$ 6,528</u>	<u>\$ 32,551</u>
Total Other Liabilities	<u>\$ 39,079</u>	<u>\$ 6,528</u>	<u>\$ 32,551</u>

(8) Long-Term Debt

Long-Term Debt at June 30, 1999 consists of the following:

Note payable to a local bank, due in monthly installments of \$639.20, including interest at 9.50%, final payment due February 5, 2000, secured by an automobile	11,763
Note payable to a local bank, due in monthly installments of \$596.37, including interest at 9.50%, final payment due October 22, 2001, secured by an automobile	14,894
Note payable to a local bank, due in monthly installments of \$392.39, including interest at 9.50%, final payment due October 2, 2000, secured by an automobile	<u>5,839</u>
Total long-term debt	32,496
Less current installments on long-term debt	<u>(19,536)</u>
	<u>\$ 12,960</u>

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

Approximate maturities of long-term debt are summarized as follows:

For the Year Ending June 30,	Approximate Amount
2000	\$ 19,536
2001	10,691
2002	<u>2,269</u>
	<u>\$ 32,496</u>

Interest expense paid on these notes for the year ended June 30, 1999 was \$6,045.

(9) Line of Credit

Pine Belt has a line of credit at a local bank with an interest rate fixed at 9.5% at June 30, 1999. The loan is unsecured.

Line of credit limit	\$ 50,000
Outstanding loan balance	\$ 50,000

(10) Unrestricted Operating Net Assets

As of June 30, 1999, the unrestricted operating net assets consisted of the following programs:

Project Independence Education	\$(6,644)
Family Preservation	184
Summer Feeding	8,166
General Services	<u>(40,083)</u>
	<u>\$(38,377)</u>

(11) Unrestricted Designated Net Assets

As of June 30, 1999, the unrestricted designated net assets consisted of the following programs:

Child Adult Care Food Program	\$ 15,281
Project Independence Transportation	55,424
Commodities Program	<u>13,501</u>
	<u>\$ 84,206</u>

These funds are designated to be used only for the operations of these programs.

(Continued)



**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
Jonesboro, Louisiana

Notes to Financial Statements

(12) Commodities Distribution

The expenses shown as commodities distribution represent certain costs to distribute the commodities. The value of the commodities distributed was approximately \$106,014 during July 1, 1998 thru June 30, 1999. The value of the commodities distributed is not reflected in the accompanying financial statements.

(13) Contractual Revenue - Grants

During the year ended June 30, 1999, Pine Belt received contractual revenue from federal and state grants in the amount of \$2,751,075. The continued existence of these funds is based on annual contract renewals with various funding sources.

(14) Leases

The agency leases certain buildings and equipment under operating leases. Some leases contain renewal options for periods ranging from one to five years. The rental costs on these for the year ended June 30, 1999, were \$14,800. Future minimum lease payments under leases that have remaining terms in excess of one year as of June 30, 1999, are:

Year Ending June 30:

2000	\$ 10,400
2001	6,000
2002	6,000
2003	4,500
2004 and after	<u>11,000</u>
	<u>\$ 40,900</u>

(15) Retirement Obligations

In July, 1997, Pine Belt began participating in a 457 B deferred compensation program whereby an amount up to 3% of the salary of eligible employees is contributed to the program. The amount contributed for the year ended June 30, 1999 was \$17,702.

(16) Partnership Investments

Pine Belt is a member in the following limited partnerships:

Pine Belt serves as the Managing General Partner for Sabine Housing 1994 Partners, a Louisiana Partnership in Commendam, organized and operated for the construction, ownership and management of a forty unit apartment complex in Many, Louisiana known as William E. Ruffin Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing General Partner for Northwood Apartments Partnership, a Louisiana Partnership in Commendam organized and operated for the construction, ownership and management of a forty

(continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Notes to Financial Statements

unit apartment complex in Bastrop, Louisiana, known as Northwood Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt serves as the Managing general Partner for Maplewood Apartments Partnership, a Louisiana Partnership in Commendam organized and operated for the construction, ownership and management of a forty unit apartment complex in Winnfield, Louisiana, known as Maplewood Apartments, permanent financing provided with funds provided by the Home Affordable Rental Housing Program and tax credits through regulatory agreements with Louisiana Housing Finance Agency.

Pine Belt entered into Management Sub-Contracts with Calhoun Property Management, Inc., in which they will co-manage all of the Partnerships. Pine Belt's ownership percentages of the partnerships are 5% each.

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
 Jonesboro, Louisiana  
 Combining Schedule of Financial Position  
 June 30, 1999

	Head Start Program	Child Nutrition Services	Community Services	Transportation Services	Education Services	Emergency Food & Shelter	Summer Child Care	Housing Services	Family Preservation	Summer Food Service	Commodities Distribution	Other General Services	Total
<b>Assets</b>													
<b>Current assets:</b>													
Cash	\$ 4,181	\$ 13,160	\$ 1,681	\$ 27,179	\$ 0	\$ 34,002	\$ 11,227	\$ 14,170	\$ 184	\$ 12,065	\$ 13,501	\$ (854)	\$ 130,496
Grant receivables	3,757	2,625	482	16,455	0	0	46,210	0	0	0	0	0	59,530
Due from other funds	505	0	0	2,192	0	0	0	0	0	0	0	8,927	11,624
Other Receivables	0	0	0	0	0	0	0	0	0	0	0	2,302	2,302
<b>Total current assets</b>	<b>8,443</b>	<b>15,785</b>	<b>2,163</b>	<b>45,826</b>	<b>0</b>	<b>34,002</b>	<b>57,437</b>	<b>14,170</b>	<b>184</b>	<b>12,065</b>	<b>13,501</b>	<b>10,375</b>	<b>213,952</b>
<b>Property and equipment:</b>													
Property and equipment	875,155	675	31,126	107,498	0	0	0	0	1,546	0	0	117,206	1,133,206
Accumulated depreciation	559,925	214	19,101	44,454	0	0	0	0	593	0	0	93,285	817,592
<b>Net property and equipment</b>	<b>215,210</b>	<b>461</b>	<b>12,025</b>	<b>63,044</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>953</b>	<b>0</b>	<b>0</b>	<b>23,921</b>	<b>315,614</b>
<b>Total Assets</b>	<b>\$ 223,653</b>	<b>\$ 16,247</b>	<b>\$ 14,188</b>	<b>\$ 108,870</b>	<b>\$ 0</b>	<b>\$ 34,002</b>	<b>\$ 57,437</b>	<b>\$ 14,170</b>	<b>\$ 1,137</b>	<b>\$ 12,065</b>	<b>\$ 13,501</b>	<b>\$ 34,296</b>	<b>\$ 529,566</b>
<b>Liabilities and Net Assets</b>													
<b>Current liabilities:</b>													
Accounts payable	\$ 0	\$ 0	\$ 2,163	\$ 0	\$ 0	\$ 0	\$ 5,208	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,171	\$ 25,542
Accrued liabilities	8,443	0	0	0	0	0	0	0	0	0	0	5,809	14,252
Refundable advances	0	0	0	0	0	34,002	2,229	13,833	0	0	0	0	50,064
Due to other funds	0	505	0	239	6,644	0	0	337	0	3,899	0	0	11,624
Line of credit	0	0	0	0	0	0	50,000	0	0	0	0	0	50,000
Current portion long-term debt	0	0	0	14,827	0	0	0	0	0	0	0	4,709	19,536
Current portion of other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0	5,528	5,528
<b>Total current liabilities</b>	<b>8,443</b>	<b>505</b>	<b>2,163</b>	<b>15,066</b>	<b>6,644</b>	<b>34,002</b>	<b>57,437</b>	<b>14,170</b>	<b>0</b>	<b>3,899</b>	<b>0</b>	<b>36,217</b>	<b>178,546</b>
<b>Long-term liabilities</b>													
Long-term debt	0	0	0	11,830	0	0	0	0	0	0	0	1,130	12,960
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0	32,551	32,551
<b>Total long-term liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,830</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,681</b>	<b>45,511</b>
<b>Net assets:</b>													
Unrestricted:													
Operating	0	0	0	19,440	(5,644)	0	0	0	184	8,166	0	(59,523)	(38,377)
Designated for specific programs	0	15,281	0	55,424	0	0	0	0	0	0	13,501	0	84,206
Fixed assets	215,210	461	12,025	7,110	0	0	0	0	953	0	0	23,921	259,580
<b>Total net assets</b>	<b>215,210</b>	<b>15,742</b>	<b>12,025</b>	<b>81,974</b>	<b>(5,644)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,137</b>	<b>8,166</b>	<b>13,501</b>	<b>(35,602)</b>	<b>305,509</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 223,653</b>	<b>\$ 16,247</b>	<b>\$ 14,188</b>	<b>\$ 108,870</b>	<b>\$ 0</b>	<b>\$ 34,002</b>	<b>\$ 57,437</b>	<b>\$ 14,170</b>	<b>\$ 1,137</b>	<b>\$ 12,065</b>	<b>\$ 13,501</b>	<b>\$ 34,296</b>	<b>\$ 529,566</b>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Combining Schedule of Activities

For the Year Ended June 30, 1999

	Head Start Program	Child		Community Services		Transportation Services		Education Services		Emergency Food & Shelter		Summer Child Care		Housing Services		Family Services		Summer Food Service		Commodities Distribution		Other General Services		Total	
		Nutrition Services		Services		Services		Services		Services		Services		Services		Services		Services		Services		Services			Services
Revenues and Other Support:																									
Contractual revenue - grants	\$ 1,643,233	\$ 188,274	\$ 364,383	\$ 242,613	\$ 0	\$ 55,012	\$ 160,392	\$ 39,460	\$ 0	\$ 0	\$ 0	\$ 19,513	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,513	\$ 20,769	\$ 17,426	\$ 2,751,075			
Donations - police injuries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27,000	27,000		
Miscellaneous revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	43,332	43,332		
Gain on disposal of vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,380	1,380		
<b>Total revenues and other support</b>	<b>1,643,233</b>	<b>188,274</b>	<b>364,383</b>	<b>242,613</b>	<b>0</b>	<b>55,012</b>	<b>160,392</b>	<b>39,460</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,513</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,513</b>	<b>20,769</b>	<b>89,138</b>	<b>2,822,787</b>			
Expenses:																									
Salaries	1,092,305	93,973	224,460	98,304	0	0	112,544	0	0	0	864	0	0	0	0	0	0	0	3,860	6,676	29,232	1,661,354			
Fringe benefits	199,591	11,149	34,453	10,960	0	0	8,965	0	0	0	23,263	0	0	0	0	0	0	2,051	710	511	4,026	270,365			
Travel	8,455	0	2,533	104	0	0	0	0	0	0	0	0	0	0	0	0	0	298	298	3,732	2,544	17,766			
Equipment and maintenance	0	0	8,817	478	0	0	864	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,515	17,674		
Occupancy	52,988	10,328	7,996	225	0	0	23,263	0	0	0	0	2,051	0	0	0	0	0	2,051	2,051	652	8,892	106,395			
Telephone	19,400	3,158	6,133	699	0	0	1,893	0	0	0	1,893	0	0	0	0	0	0	223	223	2,300	10,981	44,787			
Insurance	27,810	0	2,449	15,050	0	0	310	0	0	0	310	0	0	0	0	0	0	0	0	0	0	45,619			
Vehicle operation	33,445	0	312	52,245	0	0	2,294	0	0	0	2,294	0	0	0	0	0	0	(35)	(35)	0	0	88,261			
Supplies and postage	36,357	9,379	6,249	0	0	0	3,654	0	0	0	3,654	0	0	0	0	0	0	0	0	132	6,499	62,270			
Professional services	23,923	2,570	2,000	1,000	0	0	3,755	0	0	0	3,755	0	0	0	0	0	0	0	0	0	3,445	36,693			
Food and related supplies	14,905	72,330	0	0	0	0	195	0	0	0	195	0	0	0	0	0	0	1,339	1,339	0	0	88,769			
Miscellaneous	45,853	664	2,941	85	0	0	2,655	2,960	0	0	2,655	0	0	0	0	0	0	(208)	(208)	679	7,909	63,538			
Client and assistance payments	0	0	66,040	0	0	55,012	0	36,500	0	0	0	0	0	0	0	0	0	0	0	0	0	157,552			
Depreciation	76,011	135	4,775	18,514	0	0	0	0	0	0	0	310	0	0	0	0	0	0	0	0	3,129	102,874			
Interest	0	0	0	4,348	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,697	6,045			
<b>Total expenses</b>	<b>1,631,043</b>	<b>203,686</b>	<b>369,158</b>	<b>202,012</b>	<b>0</b>	<b>55,012</b>	<b>160,392</b>	<b>39,460</b>	<b>0</b>	<b>0</b>	<b>8,238</b>	<b>14,682</b>	<b>85,969</b>	<b>2,769,962</b>											
Change in net assets	12,190	(15,412)	(4,775)	40,601	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,275	6,087	3,169	52,825			
Net assets beginning of year	203,020	31,154	16,800	41,373	(6,644)	0	0	0	0	0	0	0	0	0	0	0	0	0	(3,109)	7,414	(44,371)	247,084			
Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Transfers of fixed assets to funding source - terminated program	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Prior year adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,600	5,600		
<b>Net assets end of year</b>	<b>\$ 215,210</b>	<b>\$ 15,742</b>	<b>\$ 12,025</b>	<b>\$ 81,974</b>	<b>\$ (6,644)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,137</b>	<b>\$ 8,166</b>	<b>\$ 13,501</b>	<b>\$ (35,602)</b>	<b>\$ 305,509</b>									

**Supplemental Information Schedules Prepared  
For Grants and Contracts Analysis**

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Head Start Grant No. 06CH0220/15

Schedule of Revenues, Expenses and Changes in Net Assets

For the Contract Period: December 1, 1997 to November 30, 1998

	Approved Budget	Actual	COB Balance Current Year
Revenues:			
Amount awarded this budget period	\$ 1,565,166	\$ 1,565,166	
Total Head Start Grant revenues	1,565,166	1,565,166	
Grantee's contribution	<u>391,292</u>	<u>391,292</u>	
Total revenues	<u>1,956,458</u>	<u>1,956,458</u>	
Expenses:			
Personnel	1,052,753	1,064,931	\$ (12,178)
Fringe Benefits	184,260	161,839	22,421
Travel	15,000	15,000	0
Equipment	96,243	75,451	20,792
Supplies	19,500	36,920	(17,420)
Other	<u>197,410</u>	<u>211,025</u>	<u>(13,615)</u>
Head Start grant expenses	1,565,166	1,565,166	\$ <u>0</u>
Grantee's share	<u>391,292</u>	<u>391,292</u>	
Total expenses	<u>1,956,458</u>	<u>1,956,458</u>	
Revenue over expenses	\$ <u>0</u>	\$ <u>0</u>	
Net assets, December 1, 1997		\$ 2,662	
Reprogrammed 06CH0220/14		<u>(2,662)</u>	
Net assets, November 30, 1998		\$ <u>0</u>	

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Child and Adult Care Food Program

Louisiana Department of Education

Schedule of Revenues, Expenses and Changes in Net Assets

For the Period: December 1, 1997 to November 30, 1998

Revenue:		
Contract revenue	\$	<u>186,877</u>
Total revenue		<u>186,877</u>
Expenses:		
Salaries		72,055
Fringe Benefits		8,828
Supplies		5,593
Space costs		16,558
Food service costs		67,662
Other administrative costs		<u>2,825</u>
Total expenses		<u>173,521</u>
Excess revenue (expenses)		13,356
Net assets, December 1, 1997		<u>30,562</u>
Net assets, November 30, 1998	\$	<u><u>43,918</u></u>



**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana  
 Community Services Block Grant  
 Department of Labor  
 Contract No. 98NOO32

Schedule of Revenues, Expenses and changes in Net Assets  
 Budget and Actual

For the Contract Period: January 1, 1998 to December 31, 1998

	Budget	Actual	Actual (Over) Under Budget
Revenues:			
Contract revenue		\$ <u>330,632</u>	
Total revenue		<u>330,632</u>	
Expenses:			
Administration:			
Salaries	\$ 64,268	64,268	\$ 0
Fringe benefits	9,606	7,996	1,610
Travel	1,200	939	261
Equipment purchase	0	0	0
Other support costs	<u>15,000</u>	<u>13,773</u>	<u>1,227</u>
Total administration	<u>90,074</u>	<u>86,976</u>	<u>3,098</u>
Program Activities:			
Salaries	143,250	143,354	(104)
Fringe benefits	22,363	21,444	919
Travel	6,100	1,720	4,380
Equipment purchases	9,552	0	9,552
Other support costs	42,151	20,902	21,249
Activities	<u>43,480</u>	<u>55,032</u>	<u>(11,552)</u>
Total program activities	<u>266,896</u>	<u>242,452</u>	<u>24,444</u>
Commodity food and nutrition	<u>1,563</u>	<u>1,204</u>	<u>359</u>
Total expenses	\$ <u>358,533</u>	<u>330,632</u>	\$ <u>27,901</u>
Excess revenues (expenses)		\$ <u><u>0</u></u>	

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Project Independence Transportation Program

CFMS #529671, 530707, 530732, 529594

Schedule of Revenues, Expenses and Changes in Net Assets

For the Contract Periods: July 1, 1998 to June 30, 1999

Revenue:		
Grant revenue	\$	197,455
Miscellaneous		<u>0</u>
Total revenue		<u>197,455</u>
Expenses:		
Natchitoches Parish expenses		60,634
Sabine Parish expenses		35,107
Winn Parish expenses		33,886
Jackson Parish expenses		<u>38,400</u>
Total expenses		<u>168,027</u>
Excess revenue (expenses)		29,428
Net assets, July 1, 1998		<u>22,720</u>
Net assets, June 30, 1999	\$	<u><u>52,148</u></u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Emergency Food and Shelter Program

FEMA

Schedule of Revenues, Expenses and Changes in Net Assets

For the Period: January 1, 1998 to December 31, 1998

Revenue:		
Contract revenue	\$	<u>54,727</u>
Expenses:		
Administrative expenses		1,095
Morehouse client assistance		25,726
Beinville client assistance		14,350
Winn client assistance		6,426
Jackson client assistance		<u>7,130</u>
Total expenses		<u>54,727</u>
Excess revenue (expenses)		0
Net assets, January 1, 1998		<u>0</u>
Net assets, December 31, 1998	\$	<u><u>0</u></u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

Summer Child Care Assistance Program

CFMS #519948

Schedule of Revenues, Expenses and Changes in Net Assets

For the Period: July 1, 1998 to June 30, 1999

Revenue:		
Contract revenue		\$ <u>160,392</u>
Expenses:		
Salaries		112,544
Fringe benefits		8,965
Travel		1,486
Supplies		2,860
Operating services		26,814
Other expenses		<u>7,723</u>
Total expenses		<u>160,392</u>
Excess revenue (expenses)		0
Net assets, July 1, 1998		<u>62,310</u>
Net assets, June 30, 1999		\$ <u><u>62,310</u></u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
 Jonesboro, Louisiana  
 Section 8 Housing Assistance Program  
 Schedule of Revenues, Expenses and Changes in Net Assets  
 For the Contract Period: October 1, 1997 to September 30, 1998

Revenue:		
Contract revenue	\$	<u>45,653</u>
Expenses:		
Administrative expenses		5,136
Housing assistance payments		<u>41,363</u>
Total expenses		<u>46,499</u>
Excess revenue (expenses)		(846)
Net assets, October 1, 1997		<u>8,579</u>
Net assets, September 30, 1998	\$	<u><u>7,733</u></u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
 Jonesboro, Louisiana  
 Summer Food Service Program  
 Louisiana Department of Education  
 Schedule of Revenues, Expenses and Changes in Net Assets  
 For the Period: July 1, 1998 to June 30, 1999

Revenue:	
Contract revenue	\$ <u>10,695</u>
Total revenue	<u>10,695</u>
Expenses:	
Salaries	0
Fringe benefits	0
Travel	36
Food purchases	0
Other costs	<u>1,094</u>
Total expenses	<u>1,130</u>
Excess revenue (expenses)	9,565
Net assets, beginning July 1, 1998	<u>(3,109)</u>
Net assets, ending June 30, 1999	\$ <u><u>6,456</u></u>

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**  
 Jonesboro, Louisiana  
 General Unrestricted Funds  
 Schedule of Revenues, Expenses and Changes in Net Assets  
 For the Period: July 1, 1998 to June 30, 1999

Revenue:		
Medicaid revenue	\$	13,426
Donations - police juries		27,000
Commodities revenue		20,769
CHDO development fee		17,235
Title XIX transportation		35,496
People unlimited		4,000
Cash fares - transportation		9,662
Miscellaneous income		4,777
Gain on disposal of vehicles		1,380
		<u>133,745</u>
Total revenue		
Expenses:		
Salaries		35,907
Fringe benefits		4,536
Travel		10,649
Supplies		7,155
Telephone		13,282
Utilities		4,586
Equipment		36,453
Insurance		3,577
Other		4,466
		<u>120,611</u>
Total expenses		
Excess revenue (expenses)		13,134
Net assets, July 1, 1998		(44,371)
Prior year adjustment		5,600
		<u>5,600</u>
Net assets, June 30, 1999	\$	<u><u>(25,637)</u></u>



**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

**Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 1999

<u>Federal Grantor / Pass- Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start (Fy 11-30-98 )	93.600	06CH0220/15	\$795,902
Head Start (Fy 11-30-99 )	93.600	06CH0220/16	847,331
Passed through Louisiana Department of Labor Community Services Block Grant (Fy 12-31-98 )	93.569	98N0032	185,900
Community Services Block Grant (Fy 12-31-99 )	93.569	99N0032	178,482
Passed through Louisiana Department of Social Services, Office of Community Services Title XIX Transportation	93.667	Unknown	35,496
Passed through Louisiana Department of Social Services, Office of Family Support Project Independence Transportation Program	93.561	529671,530707,530732,529594	90,726
Summer Child Care Program (Fy 6-30-99 )	93.561	519948	160,392
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Section 8 Housing Assistance Payments Program - Jackson (Fy 9-30-99 )	14.857	LA248V00003	39,460

(Continued)

**PINE BELT MULTI-PURPOSE COMMUNITY ACTION AGENCY, INC.**

Jonesboro, Louisiana

**Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 1999

(Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Child and Adult Care Food Program (Fy 11-30-98 )	10.558	Unknown	54,465
Child and Adult Care Food Program (Fy 11-30-99 )	10.558	Unknown	149,085
Summer Food Service Program	10.559	Unknown	4,238
Passed through Louisiana Department of Agriculture and Forestry			
Temporary Emergency Food Assistance Program	10.568	Unknown	14,682
Food Distribution - Value of Commodities Distributed	10.550	Unknown	106,014
<u>Federal Emergency Management Agency</u>			
Passed through a local governing board			
Emergency Food and Shelter (FEMA) (Fy 12-31-98)	83.523	Unknown	38,920
Emergency Food and Shelter (FEMA) (Fy 12-31-99)	83.523	Unknown	21,010
Total Federal Emergency Management Agency			<u>59,930</u>
			<u>\$2,722,103</u>

Note 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note 2: Nonmonetary assistance is reported in the schedule at fair value of the commodities received and distributed. At June 30, 1999, Pine Belt had no food commodities in inventory.

# James T. Bates

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**Report on Compliance and on Internal Control Over Financial  
Reporting Based on An Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards**

To the Board of Directors  
Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

I have audited the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc. as of and for the year ended June 30, 1999, and have issued my report thereon dated December 15, 1999. I have conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether Pine Belt Multi-Purpose Community Action Agency, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Pine Belt Multi-Purpose Community Action Agency, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to the management of Pine Belt Multi-Purpose Community Action Agency, Inc., in a separate management letter dated December 15, 1999.

This report is intended for the information of management, the Board of Directors and federal awarding agencies and pass-through entities. However, this restriction is not intended to limit the distribution of this report.



December 15, 1999

# James T. Bates

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## Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

*To the Board of Directors*  
Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

### Compliance

I have audited the compliance of Pine Belt Multi-Purpose Community Action Agency, Inc. with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. Pine Belt Multi-Purpose Community Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major programs is the responsibility of Pine Belt Multi-Purpose Community Action Agency, Inc.'s management. My responsibility is to express an opinion on Pine Belt Multi-Purpose Community Action Agency, Inc.'s compliance based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*; issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pine Belt Multi-Purpose Community Action Agency, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Pine Belt Multi-Purpose Community Action Agency Inc.'s compliance with those requirements.

As described in item 99-1 in the accompanying schedule of findings and questioned costs, Pine Belt Multi-Purpose Community Action Agency, Inc. did not comply with requirements regarding the acquisition of fixed assets that are applicable to its Community Service Block Grant program. Compliance with such requirements is necessary, in my opinion, for Pine Belt Multi-Purpose Community Action Agency, Inc. to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, Pine Belt Multi-Purpose Community Action Agency, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

### Internal Control Over Compliance

The management of Pine Belt Multi-Purpose Community Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Pine Belt Multi-Purpose Community

Action Agency, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be a material weakness.

This report is intended for the information of management, the Board of Directors and federal awarding agencies and pass-through entities. However, this restriction is not intended to limit the distribution of this report.



December 15, 1999



Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

Summary Schedule of Prior Audit Findings  
June 30, 1999

There were no findings or question costs for the previous audit period ending June 30, 1998.

Schedule of Findings and Question Costs  
June 30, 1999

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc.
2. No reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc. were disclosed during the audit.
4. One reportable condition as discussed in Part C below is reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With Circular OMB A-133.
5. The auditor's report on compliance for the major federal award program for Pine Belt Multi-Purpose Community Action Agency, Inc. expresses a qualified opinion.
6. There is one audit finding relating to the major federal award program for Pine Belt Multi-Purpose Community Action Agency, Inc. reported in Part C of the schedule.
7. The programs tested as major programs were: (1) Head Start Program CFDA #93.600, Community Services Block Grant CFDA #93.569, and Project Independence Transportation Program CFDA #93.561.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Pine Belt Multi-Purpose Community Action Agency, Inc. met the 50% coverage rule with no reason to make a determination whether the auditee qualifies as a low-risk auditee.

**B. Findings - Financial Statements Audit**

None

(Continued)

Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

Schedule of Findings and Question Costs  
June 30, 1999

**C. Findings and Questioned Costs - Major Federal Award Program Audit**

Finding 99-1:

Pine Belt Multi-Purpose Community Action Agency, Inc. purchased a fixed asset in its Community Service Block Program without prior written permission from the grantor agency as required by the contract document.

Management's Response:

Pine Belt Multi-Purpose Community Action Agency, Inc. had submitted to the grantor agency and received approval a modification that included the Pine Belt's intent to purchase the fixed asset. Based upon the receipt of this approval, Pine Belt was of the opinion that they had the necessary permission to acquire the asset. The agency has put into place procedures to verify that the required written permission has been obtained before acquisition of any fixed assets.



Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

Schedule of Prior Audit Findings For Louisiana Legislative Auditor  
June 30, 1999

**Summary Schedule of Prior Audit Findings**

There were no findings in the previous audit for the year ended June 30, 1998.

There were five management letter comments in the previous audit for the year ended June 30, 1998, as follows:

**Prior Year Comment #1 - Finance Committee** - Although Pine Belt's cumulative deficits did decrease this year, this again is a concern and commented again in the current management letter regarding the Board of Directors not meeting as often as required.

**Prior Year Comment #2 - Procurement Procedures** - All programs are now utilizing a uniform purchasing system.

**Prior Year Comment #3 - Payroll Procedures** - The central office payroll department is now receiving all time sheets and leave records on a timely basis. The time sheets are properly approved by supervisory personnel.

**Prior Year Comment #4 - Board Approval of Financing Transactions** - The board now approves all financing transactions.

**Prior Year Comment #5 - Retroactive Pay Increases** - The board after receiving a legal opinion pertaining to retroactive pay increases, voted to continue paying the same to employees that were with the program at the time of approval of the pay increase.

Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

Schedule of Current Audit Findings For Louisiana Legislative Auditor  
June 30, 1999

**Corrective Action Plan for Current Year Audit Findings**

There was one finding for the year ended June 30, 1999, as follows:

**Finding 99-1 - Fixed Asset Acquisitions**

Pine Belt Multi-Purpose Community Action Agency, Inc. purchased a fixed asset in its Community Service Block Program without prior written permission from the grantor agency as required by the contract document.

**Management's Response**

Pine Belt Multi-Purpose Community Action Agency, Inc. had submitted to the grantor agency and received approval a modification that included the Pine Belt's intent to purchase the fixed asset. Based upon the receipt of this approval, Pine Belt was of the opinion that they had the necessary permission to acquire the asset. The agency has put into place procedures to verify that the required written permission has been obtained before acquisition of any fixed assets.

There were eight management letter comments for the current audit year ended June 30, 1999, as follows:

**Comment #1 - Board of Directors**

The Agency's By-Laws require that the board meet at least four times per year. The board met only twice during the fiscal year that ended June 30, 1999 and therefore, it is my recommendation that the board exercise due diligence in holding the required number of meetings during the year. In conjunction with this issue the board acting as the finance committee can continue to monitor the Agency's financial operations and its progress in eliminating the cumulative deficits of \$(38,377).

**Management's Response**

During the Agency's most recent board meeting of October 28, 1999, the board discussed the difficulty of obtaining a quorum at its scheduled meetings; therefore, unanimously voted to conduct meetings via telephone conference as necessary. This will allow the board to review the Agency's financial reports on a periodic basis and make budgetary decisions as necessary.

**Comment #2 - Payroll Procedures**

The central office payroll department is not properly allocating the gross payroll and related fringes to all programs, therefore, leaving unallocated balances in the payroll general ledger. I recommend that the payroll department analyze the payroll departmental reports and reconcile them to the total payroll expense.

**Management's Response**

The Agency's payroll processing procedures have been restructured by the development of more adequate spreadsheets to reflect all expenses and fringes related to each program. This revised system will ensure that all expenses are paid at the end of each month and properly allocated to the appropriate programs and that all related fringes are properly collected or reimbursed if an employee terminates coverage and/or employment.

(Continued)

Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

Schedule of Current Audit Findings For Louisiana Legislative Auditor  
June 30, 1999

**Comment #3 - Computer Operations**

The Agency does not have adequate backup procedures in place to safeguard the data stored on the various computer systems within the Agency. It is my recommendation that the necessary hardware and software be purchased to prepare periodic backups and that the backups be stored in a safe off premises location.

**Management's Response**

The Chief Fiscal Officer has implemented a system of backing up data weekly and storing the disks in an offsite location. As part of the Y2K computer system upgrade, an adequate backup procedure is to be installed by a consulting firm on December 28, 1999. The system will ensure that all data stored on the various CPUs is safeguarded in the event a computer crashes or some other unforeseen catastrophe.

**Comment #4 - Accounting Department Operations**

The Agency's accounting department did not obtain from the auditor all adjusting journal entries for the period ended June 30, 1998. As a result, some of the program general ledgers were not properly posted and closed. It is my recommendation that the accounting department obtain from the auditor all adjusting journal entries, properly record the entries and properly close the general ledgers for the year ended June 30, 1999.

**Management's Response**

At the completion of the Fiscal Year 1998 audit, all year-end adjustments were not entered into the general ledger and properly closed out. This procedure has been the responsibility of the Chief Financial Officer once all adjustments are received from the auditor. The CFO employed at the end of Fiscal Year 1998 resigned from the Agency in July, 1999, therefore, no explanation is available for the reason why the data was not entered. However, in the future, the Executive Director will ensure that all prior year end adjustments are entered and that the general ledgers are properly closed out by documenting this process in coordination with the independent auditor and the CFO.

**Comment #5 - Program Participant Application Files**

The review of the Agency's participant application files revealed that there was not a final review process in place to ensure that the files were complete and accurate. It is my recommendation that an individual in the central office review all applicant files and notify the appropriate official of any missing documentation.

**Management's Response**

The Agency has devised a system of review for all participant applications to be implemented by the central office staff. Upon initial receipt of each participant file from the parish centers, the application will be reviewed for completeness and accuracy according to a checklist which will be signed off by the designated staff person. If incomplete files are received, the file will be held in suspense until all documents are received. This system will ensure that all files have been review and complete prior to filing.

(Continued)

Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

Schedule of Current Audit Findings For Louisiana Legislative Auditor  
June 30, 1999

**Comment #6 - Reporting to Cognizant Agencies**

A comparison of financial reports to cognizant agencies to the program's general ledger revealed that the report did not reconcile with the general ledger. It is my recommendation that these reports be reconciled with the general ledger and that any variances be explained.

**Management's Response**

Procedures have been implemented to reconcile the financial reports to the cognizant agency with the program's general ledger. The accounting staff has reviewed the various reports cited with a corrected submission to be forwarded to the cognizant agency after the independent auditor's review and approval.

**Comment #7 - Fixed Assets**

The Agency's inventory listings of fixed assets were not documented as to the last date that a fiscal inventory was taken and in some instances the entries for the acquisition of new assets did not reconcile with the purchase invoice. It is my recommendation that the listings be noted as to when the inventory was last taken and that a responsible party review and compare the listing to purchase invoices for the accurate cost of the asset.

**Management's Response**

The procedures for recording inventory have been assessed and revamped to include a system for verifying and comparing the purchase invoice with the amount recorded on the inventory list. In addition, all forms have been revised to include each date of entry to the inventory list. This data will be recorded to ensure that a comprehensive check of all Agency assets is conducted on an annual basis.

**Comment #8 - Disbursements**

A review of the Agency's purchase orders and/or pay requests revealed that in some cases the documents were not complete in that the proper general ledger account number was not assigned to the items purchased. It is my recommendation that individual approving the purchase orders or pay requests verify that the appropriate general ledger account number has been assigned to the items purchased.

**Management's Response**

The purchase order system has been revised to include the following steps: 1) Add columns to initial check request/documentation form to include chart of accounts information. This one form will be utilized by all Agency programs to eliminate the three different forms currently in place for payment processing. 2) Chief Fiscal Officer will assign all general ledger account numbers and Executive Director will ensure that the general ledger number has been assigned prior to the approval of each purchase order.



# James T. Bates

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## Management Letter

Board of Directors  
Pine Belt Multi-Purpose Community Action Agency, Inc.  
Jonesboro, Louisiana

I have audited the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc.(the Agency), for the year ended June 30, 1999, and have issued my report thereon dated December 15, 1999. In planning and performing the audit of the financial statements of Pine Belt Multi-Purpose Community Action Agency, Inc., I considered its internal control over financial reporting in order to determine the auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

During the audit the following items were noted involving internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control or operations of the Agency. These comments have been discussed with the appropriate members of management.

### Board of Directors

The Agency's By-Laws require that the board meet at least four times per year. The board only met twice during the fiscal year that ended June 30, 1999 and therefore, it is my recommendation that the board exercise due diligence in holding the required number of meetings during the year. In conjunction with this issue the board acting as the finance committee can continue to monitor the Agency's financial operations and its progress in eliminating the cumulative deficits of \$(38,377).

### Payroll Procedures

The central office payroll department is not properly allocating the gross payroll and related fringes to all programs, therefore, leaving unallocated balances in the payroll general ledger. I recommend that the payroll department analyze the payroll departmental reports and reconcile them to the total payroll expense.

### Computer Operations

The Agency does not have adequate backup procedures in place to safeguard the data stored on the various computer systems within the Agency. It is my recommendation that the necessary hardware and software be purchased to prepare periodic backups and that the backups be stored in a safe off premises location.

### Accounting Department Operations

The Agency's accounting department did not obtain from the auditor all adjusting journal entries for the period ended June 30, 1998. As a result, some of the program general ledgers were not properly posted and closed. It is my recommendation that the accounting department obtain from the auditor all adjusting journal entries, properly record the entries and properly close the general ledgers for the year ended June 30, 1999.

### Program Participant Application Files

The review of the Agency's participant application files revealed that there was not a final review process in place to ensure that the files were complete and accurate. It is my recommendation that an individual in the central office review all applicant files and notify the appropriate official of any missing documentation.

### Reporting to Cognizant Agencies

A comparison of financial reports to cognizant agencies to the program's general ledger revealed that the report did not reconcile with the general ledger. It is my recommendation that these reports be reconciled with the general ledger and that any variances be explained.

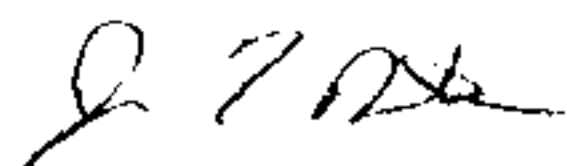
### Fixed Assets

The Agency's inventory listings of fixed assets were not documented as to the last date that a fiscal inventory was taken and in some instances the entries for the acquisition of new assets did not reconcile with the purchase invoice. It is my recommendation that the listings be noted as to when the inventory was last taken and that a responsible party review and compare the listing to purchase invoices for the accurate cost of the asset.

### Disbursements

A review of the Agency's purchase orders and/or pay requests revealed that in some cases the documents were not complete in that the proper general ledger account number was not assigned to the items purchased. It is my recommendation that individual approving the purchase orders or pay requests verify that the appropriate general ledger account number has been assigned to the items purchased.

I express sincere thanks to the Agency's personnel for the cooperation and assistance provided me during my audit. I am available to provide you assistance and consultation in the implementation of the above mentioned items. This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.



December 15, 1999