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**Union Community Action Association, Inc.  
Farmerville, Louisiana**

**Financial Statements**

**As of and for the Years Ended June 30, 1999 and 1998  
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 2-9-00

Union Community Action Association, Inc.  
Farmerville, Louisiana

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# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYBURN G. COOK (RET.)

VICKIE D. NOBLE, CPA  
CHERYL H. MANGRUM, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Board of Directors  
Union Community Action Association, Inc.  
Farmerville, Louisiana

We have audited the accompanying statements of financial position of Union Community Action Association, Inc. as of June 30, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Union Community Action Association, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Community Action Association, Inc. as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 1999 on our consideration of Union Community Action Association, Inc.'s internal control over financial reporting and our 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplemental schedules shown on pages 14–17 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Cook & Morehart". The signature is written in black ink and is positioned above the printed name of the firm.

Cook and Morehart  
Certified Public Accountants  
November 19, 1999

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Statements of Financial Position  
June 30, 1999 and 1998

	1999	1998
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 155,424	\$ 83,258
Certificates of deposit	222,008	210,730
Grant receivables	153,562	126,591
Other receivables	216	
Accrued interest		1,631
Due from other funds	195,539	110,918
<b>Total current assets</b>	<b>726,749</b>	<b>533,128</b>
<b>Property and equipment:</b>		
Property and equipment	535,733	391,560
Accumulated depreciation	(379,326)	(342,458)
<b>Net property and equipment</b>	<b>156,407</b>	<b>49,102</b>
<b>Total Assets</b>	<b>\$ 883,156</b>	<b>\$ 582,230</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 79,227	\$ 101,672
Accrued liabilities	85,873	101,672
Other liabilities	26,546	
Due to other funds	195,539	110,918
Refundable advances	70,404	41,072
<b>Total current liabilities</b>	<b>457,589</b>	<b>253,662</b>
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Operating	269,160	279,466
Fixed assets	156,407	49,102
<b>Total net assets</b>	<b>425,567</b>	<b>328,568</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 883,156</b>	<b>\$ 582,230</b>

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

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Statements of Activities  
For the Years Ended June 30, 1999 and 1998

	Unrestricted	
	1999	1998
<b>Revenues and Other Support:</b>		
Contractual revenue - grants	\$ 2,028,345	\$ 1,712,079
Interest income	9,749	13,168
Miscellaneous revenues	145	5,482
	2,038,239	1,730,729
 <b>Expenses:</b>		
Job training assistance	1,467,088	1,373,080
One stop shop	28,314	
Food stamps		15,432
Migrant education	284,117	247,209
Community services	57,965	51,072
Home energy assistance	63,045	29,929
Commodities distribution	3,558	2,912
Emergency assistance	8,718	8,439
Medicaid application assistance	2,999	2,975
General services	25,436	11,966
	1,941,240	1,743,014
 Change in net assets	 96,999	 (12,285)
Net assets as of beginning of year	328,568	340,853
Net assets as of end of year	\$ 425,567	\$ 328,568

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

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Statements of Cash Flows  
For the Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>Operating Activities</b>		
Change in net assets	\$ 96,999	\$ (12,285)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,867	29,875
(Increase) decrease in operating assets:		
Grant receivables	(26,971)	(60,373)
Other receivables	(216)	
Accrued interest	1,631	140
Increase (decrease) in operating liabilities:		
Accounts payable	79,227	(575)
Accrued liabilities	(15,799)	4,983
Other liabilities	26,546	
Refundable advances	29,332	(43,160)
	<u>227,616</u>	<u>(81,395)</u>
 Net cash provided by (used in) operating activities		
 <b>Investing Activities</b>		
Payments for property and equipment	<u>(144,172)</u>	<u>(2,087)</u>
	<u>(144,172)</u>	<u>(2,087)</u>
 Net increase (decrease) in cash and cash equivalents	83,444	(83,482)
Cash and cash equivalents as of beginning of year	<u>293,988</u>	<u>377,470</u>
Cash and cash equivalents as of end of year	<u>\$ 377,432</u>	<u>\$ 293,988</u>

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

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Union Community Action Association, Inc. (Union) is a private non-profit corporation incorporated under the laws of the State of Louisiana. Union is governed by a Board of Directors composed of 16 members. These board members receive no compensation for their services.

Union operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Union parish in Louisiana. The following programs, shown with their approximate percentage of total revenues, are administered by Union:

**Title II-A Program (19%)** – Prepares adults for participation in the labor force by increasing their occupational and educational skills. Funding is provided by Jobs Training Partnership Act federal funds passed through the Louisiana Department of Labor.

**Title II-B Program (23%)** – Enhances the basic educational skills of youth, encourages school completion or enrollment in supplementary or alternative school programs and provides eligible youth with exposure to the world of work. Funding is provided by Jobs Training Partnership Act federal funds passed through the Louisiana Department of Labor.

**Title II-C Program (10%)** – Improves the long-term employability of youth; enhances the educational, occupational, and citizenship skills of youth; encourages school completion or enrollment in alternative school programs; increases the employment and earnings of youth; and reduces welfare dependency. Funding is provided by Jobs Training Partnership Act federal funds passed through the Louisiana Department of Labor.

**Title III-F Program (18%)** – Establishes an early readjustment capacity for dislocated workers by providing comprehensive coverage to workers regardless of the cause of dislocation; providing early referral from the unemployment insurance system to adjustment services as an integral part of the adjustment process; and fostering labor, management and community partnerships with government in addressing worker dislocation with an emphasis on retraining and reemployment services rather than income support. Funding is provided by Jobs Training Partnership Act federal funds passed through the Louisiana Department of Labor.

**8% Program (2%)** – Provides basic skills/remedial education and occupational skill training to youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services. Funding is provided by federal funds passed through the Louisiana Department of Education.

(Continued)



Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998  
(Continued)

**5% Incentive Program (2%)** — Provides adult and/or youth remediation activities that will result in job preparation for future employment needs. Funding is provided by federal funds passed through the Louisiana Department of Labor.

**Welfare to Work ( 2% )** – Provides services to TANF recipients having difficulty in moving from welfare to unsubsidized, long-term employment. Funding is provided by federal funds passed through the Louisiana Department of Labor.

**Migrant Education (14%)** — Provides assistance to establish or improve programs designed to meet the special educational needs of migratory children of migratory agricultural workers or migratory fishers. Funding is provided by federal funds passed through the Louisiana Department of Education.

**Community Services Block Grant (3%)** — 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.

**Home Energy Assistance (3%)** — Assists low income households offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

**Commodities Distribution (.2%)** — 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.

**Emergency Program (.4%)** — Provides various types of assistance payments in areas of high need through-out the community to persons based upon their employment or poverty status. Funding is provided by federal funds from the Federal Emergency Management Agency.

**One Stop Shop (4%)** – Establishes a career information center as the primary point of access in the community for all training and education related to career development. Funding is provided by federal funds passed through the Louisiana Department of Labor.

**B. Basis of Accounting**

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

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998  
(Continued)

C. Basis of Presentation

Financial statement presentation follows the recommendations of the 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

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

E. Use 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.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Union considers all unrestricted highly liquid investments with an initial maturity of six months or less to be cash equivalents, when there is no significant penalty for early withdrawal.

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 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.

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998  
(Continued)

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.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Union 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 and 1998, Union had no significant concentrations of credit risk in relation to grant receivables.

Union maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 1999 total cash balances held at financial institutions was \$550,047. Of this amount, \$250,611 was secured by FDIC, \$23,086 was collateralized by pledged securities, and the remaining \$276,350 was unsecured. At June 30, 1998 total cash balances held at financial institutions was \$424,785. Of this amount, \$245,801 was secured by FDIC and the remaining \$178,984 was uninsured.

(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 and 1998, but received after that date.

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998  
(Continued)

(4) Due To and Due From Other Funds

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

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Services	\$ 182,627	\$ 7,452
Title II-A Program		31,663
Title II-B Program	5,000	9,582
Title II-C Program	-	49,179
Title III	5,000	20,507
JTPA 8%	-	15,895
JTPA Incentive	-	30,903
Welfare to Work	678	
Migrant Education	-	16,803
Community Services Block Grant	-	4,560
Commodities Distribution	1,141	349
Home Energy Assistance	-	7,502
Emergency Assistance	-	3
Medicaid Application Assistance	1,093	1,141
	<u>\$ 195,539</u>	<u>\$ 195,539</u>

The following schedule represents amounts due to and due from other funds at June 30, 1998:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Services	\$ 86,025	\$ 14,894
Title II-A Program	14,280	5,000
Title II-B Program	5,000	3,988
Title II-C Program	-	22,997
Title III	5,000	16,401
JTPA 8%	-	9,671
JTPA Incentive	-	912
Welfare to Work	-	528
Food Stamps	-	-
Migrant Education	-	27,084
Community Services Block Grant	-	1,274
Commodities Distribution	-	445
Home Energy Assistance	-	7,496
Emergency Assistance	-	226
Medicaid Application Assistance	613	-
School to Work	-	2
	<u>\$ 110,918</u>	<u>\$ 110,918</u>

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998  
(Continued)

(5) Property and Equipment

Property and equipment consisted of the following at June 30, 1999:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Furniture and equipment	5-10 years	\$ 401,366	\$ 95,668	\$ 497,034
Vehicles	5 years	19,395	19,304	38,699
Accumulated depreciation		( 272,873)	( 106,453)	( 379,326)
Net investment in property and equipment		<u>\$ 147,888</u>	<u>\$ 8,519</u>	<u>\$ 156,407</u>

Depreciation expense for the year ended June 30, 1999 was \$36,867.

Property and equipment consisted of the following at June 30, 1998:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Furniture and equipment	5-10 years	\$ 257,193	\$ 95,668	\$ 352,861
Vehicles	5 years	19,395	19,304	38,699
Accumulated depreciation		( 241,394)	( 101,064)	( 342,458)
Net investment in property and equipment		<u>\$ 35,194</u>	<u>\$ 13,908</u>	<u>\$ 49,102</u>

Depreciation expense for the year ended June 30, 1998 was \$29,875.

(6) Refundable Advances

Union 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.

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998  
(Continued)

(7) **Accrued Liabilities**

Accrued liabilities at June 30, 1999 and 1998 consisted of the following:

	1999	1998
Accrued payroll	\$ 61,599	\$ 66,158
Accrued annual leave	29,455	22,850
Accrued worker's compensation		17,892
Payroll taxes payable	( 5,181)	(5,228)
	\$ 85,873	\$ 101,672

(8) **Contractual Revenue – Grants**

*During the years ended June 30, 1999 and 1998, Union received contractual revenue from federal and state grants in the amount of \$2,028,345 and \$1,712,079, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.*

(9) **Retirement Plan**

Union has a defined contribution money purchase pension plan covering all employees that have completed 1,000 hours of service with no breaks in service in a twelve month period. Employees become eligible to participate in the plan after completing one year of service. Union contributes 4% of the employees' compensation and the employees may contribute a minimum of 2% and up to 16%. The amount contributed by Union for the years ended June 30, 1999 and 1998 was \$11,678 and \$10,892, respectively.

(10) **Commodities Distribution**

The expenses shown as commodity distribution represent certain costs to distribute the commodities. The value of the commodities distributed during the years ended June 30, 1999 and 1998 was approximately \$20,971 and \$32,567, respectively. The value of the commodities distributed is not reflected in the accompanying financial statements.

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998  
(Continued)

(11) Leases

Union leases certain buildings under operating leases. Rental costs on those leases for the year ended June 30, 1999 and 1998, were \$9,000 and \$9,000, respectively. As of June 30, 1999, there were no commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year.

(12) Food Stamp Program

Union operates the Food Stamp Program, through an agreement with the Union Parish Police Jury. Under this program, Union is responsible for the issuance of food stamps to eligible participants in the parish. The value of food stamps on hand, received, and issued is not recorded in the accompanying statements. The state went to a card system during the year ended June 30, 1998 and Union ceased issuing food stamps as of December 31, 1997. Activity for the years ended June 30, 1999 and 1998 is as follows:

Balance at July 1, 1996	\$ 545,670
Received	1,761,000
Issued	( 1,867,306)
Balance at June 30, 1997	<u>\$ 439,364</u>
Received	327,250
Issued	( 680,057)
Destroyed by State for closeout	( 19,057)
Transferred Out	( 67,500)
Balance at June 30, 1998	<u>\$ -</u>

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Combining Schedule of Financial Position  
For the Year Ended June 30, 1999

	JTPA Title II-A	JTPA Title II-B	JTPA Title II-C	JTPA Title III	JTPA 8%	JTPA Incentive	JTPA Welfare to Work
<b>Assets</b>							
Current assets:							
Cash	\$ 31,387	\$ 8,278	\$ 18,696	\$ (3,292)	\$ 2,836	\$ 51,638	\$ 5,176
Certificates of Deposit							
Grant receivables	67	55,126	30,483	21,577	13,059		
Other receivables	209						
Due from other funds		5,000		5,000			678
Total current assets	<u>31,663</u>	<u>68,404</u>	<u>49,179</u>	<u>23,285</u>	<u>15,895</u>	<u>51,638</u>	<u>5,854</u>
Property and equipment:							
Property and equipment	132,796	8,479	37,844	25,242	3,266	113,363	2,418
Accumulated depreciation	(100,369)	(8,401)	(17,879)	(21,995)	(1,776)	(82,208)	(363)
Total property and equipment	<u>32,427</u>	<u>78</u>	<u>19,965</u>	<u>3,247</u>	<u>1,490</u>	<u>31,155</u>	<u>2,055</u>
<b>Total Assets</b>	<u>\$ 64,090</u>	<u>\$ 68,482</u>	<u>\$ 69,144</u>	<u>\$ 26,532</u>	<u>\$ 17,385</u>	<u>\$ 82,793</u>	<u>\$ 7,909</u>
<b>Liabilities and Net Assets</b>							
Current liabilities:							
Accounts payable							
Accrued liabilities		58,822		2,778			
Other liabilities							
Due to other funds	31,663	9,582	49,179	20,507	15,895	30,903	
Refundable advances						20,735	5,854
Total current liabilities	<u>31,663</u>	<u>68,404</u>	<u>49,179</u>	<u>23,285</u>	<u>15,895</u>	<u>51,638</u>	<u>5,854</u>
<b>Net assets:</b>							
Unrestricted:							
Operating							
Fixed assets	32,427	78	19,965	3,247	1,490	31,155	2,055
Total net assets	<u>32,427</u>	<u>78</u>	<u>19,965</u>	<u>3,247</u>	<u>1,490</u>	<u>31,155</u>	<u>2,055</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 64,090</u>	<u>\$ 68,482</u>	<u>\$ 69,144</u>	<u>\$ 26,532</u>	<u>\$ 17,385</u>	<u>\$ 82,793</u>	<u>\$ 7,909</u>

(Continued)



Union Community Action Association, Inc.  
Farmerville, Louisiana  
Combining Schedule of Financial Position  
For the Year Ended June 30, 1999  
(Continued)

	Migrant Education	Home				Emergency Assistance	Medicaid Application Assistance	One Stop Shop	General Services	Total
		Community Services	Energy Assistance	Commodities Distribution						
<b>Assets</b>										
Current assets:										
Cash	\$ 11,387	\$ 7,442	\$ 11,805		\$ 7,060		\$ 3,011		155,424	
Certificates of Deposit								222,008	222,008	
Grant receivables	33,250							7	153,562	
Other receivables				1,141		1,093		182,627	216	
Due from other funds				1,141		1,093		404,642	195,539	
Total current assets	44,637	7,442	11,805	1,141	7,060	1,093	3,011	404,642	726,749	
Property and equipment:										
Property and equipment	12,433	28,327				35,465	56,592	79,508	535,733	
Accumulated depreciation	(6,770)	(23,694)				(35,465)	(9,417)	(70,989)	(379,326)	
Total property and equipment	5,663	4,633					47,175	8,519	156,407	
Total Assets	\$ 50,300	\$ 12,075	\$ 11,805	\$ 1,141	\$ 7,060	\$ 1,093	\$ 50,186	\$ 413,161	\$ 883,156	
<b>Liabilities and Net Assets</b>										
Current liabilities:										
Accounts payable								\$ 79,227	79,227	
Accrued liabilities								24,273	85,873	
Other liabilities								26,546	26,546	
Due to other funds	16,803	4,560	7,502	349	3	1,141		7,452	195,539	
Refundable advances	27,834	2,882	3,031		7,057		3,011		70,404	
Total current liabilities	44,637	7,442	10,533	349	7,060	1,141	3,011	137,498	457,589	
Net assets:										
Unrestricted:										
Operating			1,272	792		(48)		267,144	269,160	
Fixed assets	5,663	4,633					47,175	8,519	156,407	
Total net assets	5,663	4,633	1,272	792		(48)	47,175	275,663	425,567	
Total Liabilities and Net Assets	\$ 50,300	\$ 12,075	\$ 11,805	\$ 1,141	\$ 7,060	\$ 1,093	\$ 50,186	\$ 413,161	\$ 883,156	

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Combining Schedule of Activities  
For the Year Ended June 30, 1999

	Jobs Training Assistance							JTPA Subtotal
	JTPA Title II-A	JTPA Title II-B	JTPA Title II-C	JTPA Title III	JTPA 8%	JTPA Incentive	Welfare to Work	
<b>Revenues and Other Support:</b>								
Contractual revenue – grants	\$ 391,274	\$ 468,914	\$ 195,999	\$ 359,510	\$ 42,059	\$ 31,314	\$ 38,771	\$ 1,353,170
Interest income								
Miscellaneous revenues								
<b>Total revenues and other support</b>	<b>391,274</b>	<b>468,914</b>	<b>195,999</b>	<b>359,510</b>	<b>42,059</b>	<b>31,314</b>	<b>38,771</b>	<b>1,353,170</b>
<b>Expenses:</b>								
Salaries	128,264	95,656	42,460	62,051	12,611	1,080	18,560	360,682
Fringe benefits	43,040	90,132	15,285	16,450	3,429	109	4,875	173,320
Travel	7,394	3,411	3,623	6,941	547	121	5,483	27,520
Equipment	6,269	888		1,425	22		920	9,524
Occupancy	4,832	5,064	2,843	3,659	359		1,473	18,230
Telephone and postage	3,364	1,235	865	1,373	119	1	572	7,529
Computer services	3,316	1,482	1,141	2,301	202		905	9,347
Supplies	3,887	1,118	2,932	1,187	109		400	9,633
Professional services	8,347	816	4,162	5,042	316		2,442	21,125
Miscellaneous	2,074	1,572	836	1,456	23	13	724	6,698
Client assistance payments								
Participant wages and benefits	55,549	264,180	53,949					373,678
Participant support services	36,579	3,360	32,904	62,505				135,348
Training	60,953		17,385	194,611	24,321			297,270
Depreciation	6,232	562	5,470	1,892	562	2,104	362	17,184
<b>Total expenses</b>	<b>370,100</b>	<b>469,476</b>	<b>183,855</b>	<b>360,893</b>	<b>42,620</b>	<b>3,428</b>	<b>36,716</b>	<b>1,467,088</b>
Change in net assets	21,174	(562)	12,144	(1,383)	(561)	27,886	2,055	60,753
Net assets as of beginning of year	11,253	640	7,821	4,630	2,051	3,269		29,664
Net assets as of end of year	\$ 32,427	\$ 78	\$ 19,965	\$ 3,247	\$ 1,490	\$ 31,155	\$ 2,055	\$ 90,417

(Continued)

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Combining Schedule of Activities  
For the Year Ended June 30, 1999  
(Continued)

	Migrant Education	Community Services	Home Energy Assistance	Commodities Distribution	Emergency Assistance	Medicaid Application Assistance	One Stop Shop	General Services	Total
<b>Revenues and Other Support:</b>									
Contractual revenue – grants	\$ 287,501	\$ 59,346	\$ 63,045	\$ 4,795	\$ 8,718	\$ 1,610	\$ 75,489	\$ -	\$ 2,028,345
Interest income								9,749	9,749
Miscellaneous revenues								145	145
<b>Total revenues and other support</b>	<b>287,501</b>	<b>59,346</b>	<b>63,045</b>	<b>4,795</b>	<b>8,718</b>	<b>1,610</b>	<b>75,489</b>	<b>9,894</b>	<b>2,038,239</b>
<b>Expenses:</b>									
Salaries	75,261	32,247		2,882		2,621		16,764	\$ 490,457
Fringe benefits	8,747	6,823		423		377		1,182	190,872
Travel	41,091	3,958		99			204		72,872
Equipment	1,221	2,083		154			5,345		18,327
Occupancy	75	145							18,450
Telephone and postage	1,643	1,718	3			1			10,894
Computer services	711	183							10,241
Supplies	10,411	2,318			257		13,348	2	35,969
Professional services	141,064	716							162,905
Miscellaneous	2,512	2,452							11,662
Client assistance payments		1,826	63,042		8,461			2,099	75,428
Participant wages and benefits									373,678
Participant support services									135,348
Training									297,270
Depreciation	1,381	3,496					9,417	5,389	36,867
<b>Total expenses</b>	<b>284,117</b>	<b>57,965</b>	<b>63,045</b>	<b>3,558</b>	<b>8,718</b>	<b>2,999</b>	<b>28,314</b>	<b>25,436</b>	<b>1,941,240</b>
<b>Change in net assets</b>	<b>3,384</b>	<b>1,381</b>	<b>1,237</b>	<b>1,237</b>	<b>(1,389)</b>	<b>47,175</b>	<b>(15,542)</b>		<b>96,999</b>
<b>Net assets as of beginning of year</b>	<b>2,279</b>	<b>3,252</b>	<b>1,272</b>	<b>(445)</b>	<b>1,341</b>	<b>291,205</b>			<b>328,568</b>
<b>Net assets as of end of year</b>	<b>\$ 5,663</b>	<b>\$ 4,633</b>	<b>\$ 1,272</b>	<b>\$ 792</b>	<b>\$ (48)</b>	<b>\$ 47,175</b>	<b>\$ 275,663</b>	<b>\$</b>	<b>\$ 425,567</b>

Union Community Action Association, Inc.  
Farmerville, 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>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>		
Passed through Louisiana Department of Labor Community Services Block Grant	93.569	59,346
Passed through Louisiana Department of Social Services, Office of Community Services Home Energy Assistance Program – Energy	93.568	63,045
Total U.S. Department of Health and Human Services		<u>122,391</u>
<u>U.S. Department of Education</u>		
Passed through Louisiana Department of Education: Migrant Education	84.011	<u>287,500</u>
<u>U.S. Department of Agriculture</u>		
Passed through Louisiana Department of Agriculture and Forestry Temporary Emergency Food Assistance Program Food Distribution – Value of Commodities Distributed	10.568 10.550	3,558 20,971
Total U.S. Department of Agriculture		<u>24,529</u>

Union Community Action Association, Inc.  
Farmerville, 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	Expenditures
<u>Federal Emergency Management Agency</u>		
Passed through United Way of America Emergency Food and Shelter Program	83.523	<u>8,718</u>
<u>U.S. Department of Labor</u>		
Passed through Louisiana Department of Labor: Job Training Partnership Act:		
Title II-A Program	17.250	391,274
Title II-B Program	17.250	468,914
Title II-C Program	17.250	195,999
Title III-F Program	17.246	359,511
5% Incentive Program	17.250	31,314
Welfare to Work	17.253	38,772
One Stop Shop	17.207	75,489
Passed through Louisiana Department of Education Job Training Partnership Act: 8% Program	17.250	42,058
Total U.S. Department of Labor		<u>1,603,331</u>
Total federal expenditures		<u>\$ 2,046,469</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 the fair value of the commodities received and distributed. At June 30, 1999, Union had no food commodities in inventory.

**COOK & MOREHART**

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYBURN G. COOK (RET.)

VICKIE D. NOBLE, CPA  
CHERYL H. MANGRUM, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

**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  
Union Community Action Association, Inc.  
Farmerville, Louisiana

We have audited the financial statements of Union Community Action Association, Inc. as of and for the year ended June 30, 1999, and have issued our report thereon dated November 19, 1999. We conducted our 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 Union Community Action Association, Inc.'s financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered Union Community Action Association, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Union Community Action Association, Inc., in a separate management letter dated November 19, 1999.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Cook & Morehart".

Cook & Morehart  
Certified Public Accountants  
November 19, 1999

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

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AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
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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  
Union Community Action Association, Inc.  
Farmerville, Louisiana

### Compliance

We have audited the compliance of Union Community Action Association, 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. Union Community Action Association, Inc.'s major federal programs are identified in the summary of auditors' 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 federal programs is the responsibility of Union Community Action Association, Inc.'s management. Our responsibility is to express an opinion on Union Community Action Association, Inc.'s compliance based on our audit.

We conducted our 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 we 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 Union Community Action Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit does not provide a legal determination on Union Community Action Association, Inc.'s compliance with those requirements.

In our opinion, Union Community Action Association, Inc. complied, in a 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 Union Community Action Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Union Community Action Association, 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Cook & Morehart". The signature is written in black ink and is positioned above the printed name of the firm.

Cook & Morehart  
Certified Public Accountants  
November 19, 1999

Union Community Action Association, Inc.  
Farmerville, Louisiana

Summary Schedule of Prior Audit Findings  
June 30, 1999

There were no findings or questioned costs for the audit period ended June 30, 1998.

Schedule of Findings and Questioned Costs  
June 30, 1999

**A. Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of Union Community Action Association, 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 Union Community Action Association, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Union Community Action Association, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Union Community Action Association, Inc. reported in Part C. of this Schedule.
7. The programs tested as major programs included: 1) Jobs Training Partnership Act Programs Cluster, including Title II-A, Title II-B, Title II-C, Incentive and the 8% Program CFDA #17.250, and Title III-F CFDA #17.246.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Union Community Action Association, Inc. qualified as a low-risk auditee.

**B. Findings – Financial Statements Audit: None**

**C. Findings and Questioned Costs – Major Federal Award Programs Audit: None**

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Schedule of Prior Audit Findings For Louisiana Legislative Auditor  
June 30, 1999

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 – Overdrawn Bank Accounts**

A system was implemented by the Fiscal Department requiring that Fiscal Personnel verify the receipt of funds from the funding sources prior to the release of checks.

**Prior Year Comment #2 – Fixed Assets**

See related comment in current year management letter for the year ended June 30, 1999.

**Prior Year Comment #3 – Payroll Liability Accounts**

See related comment in current year management letter for the year ended June 30, 1999.

**Prior Year Comment #4 – Reconciling Payroll Reports**

See related comment in current year management letter for the year ended June 30, 1999.

**Prior Year Comment #5 – Payroll Transactions**

The Agency devised and implemented the use of a form that records all optional payroll deductions with authorization from the respective employee. Improvement was noted in this area this year.

Union Community Action Association, Inc.  
Farmerville, Louisiana  
Schedule of Current Audit Findings For Louisiana Legislative Auditor  
June 30, 1999

There were no findings for the year ended June 30, 1999.

There were four management letter comments for the current audit year ended June 30, 1999. Management's response to these are listed below:

**Comment #1 – Fixed Assets**

A complete fixed asset inventory is in progress at this time. List of old, outdated, poor condition assets has been sent to the state for disposal permission. A capitalization policy is to be established. Fixed assets with a cost over \$500 will be capitalized unless the funding source requires otherwise.

**Comment #2 – Due To and Due From Accounts**

The reimbursements are being made monthly and timely. An analysis will be made to insure the computer software is recording all items properly.

**Comment #3 – Payroll Liability Accounts**

The various accounts will be checked and adjusted on a quarterly basis when payroll tax reports are filed.

**Comment #4 – Reconciling Payroll Reports**

A reconciliation of the payroll reports and the general ledger will be made on a quarterly basis when the payroll reports are filed.

# COOK & MOREHART

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AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS  
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## Management Letter

November 19, 1999

Board of Directors  
Union Community Action Association, Inc.  
Farmerville, Louisiana

We have audited the financial statements of Union Community Action Association, Inc. (Union), for the year ended June 30, 1999, and have issued our report thereon dated November 19, 1999. In planning and performing our audit of the financial statements of Union Community Action Association, Inc., we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

During our 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 over financial reporting or operations of Union. These comments have been discussed with the appropriate members of management.

### (1) Fixed Assets

Union has a fixed asset listing. However, it is not current. They do not update and maintain it for all new additions and retirements on a timely basis. They also have not conducted a complete fixed asset inventory in the last several years. They also need to adopt a capitalization policy for depreciating fixed assets.

We suggest that Union conduct a complete fixed asset inventory and update their fixed asset listing for all additions and retirements on a timely basis. We also recommend that they formally adopt a capitalization policy. Once this is done, we recommend that someone be assigned the responsibility for maintaining the listing on a timely basis, and ensuring that a complete inventory is conducted at least once every two years.

### (2) Due to and Due from Accounts

The agency's due to and due from accounts have excessive balances and are not being cleared out on a timely basis.

We suggest the agency make timely repayments throughout the year on its due to and due from accounts.

**(3) Payroll Liability Accounts**

We discovered during our audit that there is no reconciliation done of the payroll liabilities posted into the general ledger liability accounts and the subsequent payments made. We suggest that the payroll liability accounts on each general ledger be reconciled each month to ensure the accuracy of the expense and liability balances.

**(4) Reconciling Payroll Reports**

We discovered that there is no reconciliation being done between the amounts reported on the quarterly 941 payroll reports and unemployment reports and the amounts recorded on Union's general ledgers.

We recommend that the accounting personnel that prepares the 941 reports perform a reconciliation between the amounts reported on the general ledger and the amounts reported on the payroll information.

We express sincere thanks to Union personnel for the cooperation and assistance provided us during our audit. We are 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.



Cook & Morehart  
Certified Public Accountants