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**Cenla Community Action Committee, Inc.
Alexandria, Louisiana**

Financial Statements

**For the Year Ended March 31, 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 **OCT 20 1999**

Cenla Community Action Committee, Inc.
Alexandria, Louisiana

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Independent Auditors' Report

To the Board of Directors
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

We have audited the accompanying statement of financial position of Cenla Community Action Committee, Inc., as of March 31, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Cenla Community Action Committee, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we 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. We believe that our audit provides 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 Cenla Community Action Committee, Inc., as of March 31, 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*, we have also issued our report dated August 27, 1999 on our consideration of Cenla Community Action Committee, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Cenla Community Action Committee, Inc. taken as a whole. 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 of Cenla Community Action Committee, Inc. 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 11-12, are presented for the purpose of additional analysis and are not a required part of the financial statements of Cenla Community Action Committee, Inc. 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.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules Prepared For Grants and Contracts Analysis" in the table of contents and shown on pages 15-16 are presented for the purpose of providing various funding sources of Cenla Community Action Committee, 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 Cenla Community Action Committee, Inc., and certain schedules are for periods other than the organization's fiscal year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, the schedules mentioned previously on pages 15-16 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 procedures applied in the audit of the financial statements and in our opinion are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook & Morehart
Certified Public Accountants
August 27, 1999

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Statement of Financial Position
 March 31, 1999

Assets

Current assets:

Cash	\$ 133,891
Grant receivables	95,211
Other assets	2,300
Due from other funds	262,548
Total current assets	493,950

Property and Equipment:

Property and equipment	1,276,462
Accumulated depreciation	(975,179)
Net property and equipment	301,283

Total Assets	\$ 795,233
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Liabilities Net Assets

Current liabilities:

Accounts payable	\$ 111,285
Accrued liabilities	176,564
Due to other funds	262,548
Refundable advances	87,922
Total current liabilities	638,319

Net assets:

Unrestricted:	
Operating	(144,369)
Fixed assets	301,283
	156,914

Total net assets	156,914
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Total Liabilities and Net Assets	\$ 795,233
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The accompanying notes are an integral part of this statement.

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Statement of Activities
 For the Year Ended March 31, 1999

	Unrestricted
Revenues and Reclassifications:	
Contractual revenue - grants	\$ 5,628,914
Miscellaneous revenues	37,009
	5,665,923
 Expenses:	
Head Start program	4,041,639
Early Head Start Program	6,479
Child care food program	743,529
Summer child care	270,354
Community services	353,190
Home energy assistance	435,344
Senior Citizens	54,397
Other general services	42,992
	5,947,924
Changes in net assets	(282,001)
Net assets, beginning of year, as previously reported	257,560
Prior Period Correction	181,355
Net assets, beginning of year, as restated	438,915
Net assets as of end of year	\$ 156,914

The accompanying notes are an integral part of this statement.

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Statement of Cash Flows
 For the Year Ended March 31, 1999

Operating activities

Changes in net assets	\$ (282,001)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	134,823
(Increase) decrease in operating activities	(39,880)
Grant receivables	(39,880)
Other assets	(2,300)
Deposits	2,964
Increase (decrease) in operating liabilities:	
Accounts payable	(233,447)
Accrued liabilities	176,564
Refundable advances	(33,094)
Net cash used in by operating activities	(276,371)

Investing Activities

Payments for property and equipment	(15,398)
Prior period correction to property and equipment	181,355
Net cash provided by investing activities	165,957

Net increase (decrease) in cash	(110,414)
Cash as of beginning of year	244,305
Cash as of end of year	\$ 133,891

The accompanying notes are an integral part of this statement.

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Notes to Financial Statements
March 31, 1999

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Cenla Community Action Committee, Inc., (CCAC) is a private non-profit organization incorporated under the laws of the State of Louisiana. CCAC is governed by a Board of Directors composed of members from Rapides Parish. CCAC operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Rapides Parish in Louisiana. CCAC administers the following programs, shown with their approximate percentage of revenues:

Head Start Program (69%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided through federal funds from the U. S. Department of Health and Human Services.

Early Head Start Program (.1%) – Provides funding for low-income pregnant women and families with infants and toddlers to enhance children's physical, social, emotional and cognitive development; enable parents to be better caregivers of and teachers to their children; and help parents meet their own goals, including that of economic dependence. Funding is provided through federal funds from the U. S. Department of Health and Human Services.

Child Care Food Program (10%) - Provides a food service program in coordination with the Head Start and Summer Child Care Programs. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

Summer Child Care (5%) – Provides quality child care during the summer months to children meeting specified criteria. Funding is provided by federal funds passed through the State of Louisiana, Department of Social Services.

Community Services Block Grant (7%) – Administers various programs to fulfill responsibilities and provide assistance to the poor, disadvantaged and unemployed through housing services, community projects, nutrition services, emergency assistance, employment services, transportation services, and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

Home Energy Assistance Program (8%) – Provides assistance to low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the State of Louisiana, Department of Social Services.

Senior Citizens Program (.7 %) – Provides funding designed to meet various needs of the senior citizens of Rapides Parish. Funding is provided by an ad valorem tax passed through the Rapides Parish Police Jury.

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Notes to Financial Statements
March 31, 1999
(Continued)

B. Basis of Accounting

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

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

CCAC is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code.

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 reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, CCAC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. CCAC had no cash equivalents at March 31, 1999.

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. 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. The use of assets purchased with federal funds is limited to the purposes intended by the funding agency. CCAC has adopted a policy to capitalize all items with a unit cost of \$500 or greater.

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Notes to Financial Statements
March 31, 1999
(Continued)

H. Retirement Obligations

CCAC participates in a 403(b) plan for its employees. Employees eligible to participate may contribute \$9,500 or 20% of their annual salary to the plan. CCAC will match the employees' contributions up to 3% of the employees gross wages. The amount contributed to the plan for the year ended March 31, 1999 was \$59,407.

I. 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.

J. Expense Allocation

The costs of providing various programs and other 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 benefited.

(2) Concentrations of Credit Risk

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 March 31, 1999, CCAC had no significant concentrations of credit risk in relation to grant receivables.

CCAC maintains cash balances at several financial institutions located in the Alexandria area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At March 31, 1999 total cash balances held at financial institutions was \$181,124. Of this amount, \$162,738 was secured by FDIC and the remaining \$18,386 was not secured.

(Continued)

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Notes to Financial Statements
 March 31, 1999
 (Continued)

(3) Due To and From Other Funds

The following schedule represents amounts due to and due from other funds at March 31, 1999:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General funds	\$ 16,019	\$ -
Head Start Program-due from Child and Adult Care Food Program	246,529	16,019
Child and Adult Care Food Program	<u>-</u>	<u>246,529</u>
	<u>\$ 262,548</u>	<u>\$ 262,548</u>

(4) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at March 31, 1999, but received after that date.

(5) Property and Equipment

Property and equipment consisted of the following at March 31, 1999:

	<u>Estimated Life</u>	
Furniture, fixtures, equipment	5-10 years	677,471
Vehicles	5 years	598,991
Accumulated depreciation		<u>(975,179)</u>
Net investment in property and equipment		<u>\$ 301,283</u>

Depreciation expense was \$134,823 for the year ended March 31, 1999.

(6) Refundable Advances

CCAC 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)

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Notes to Financial Statements
 March 31, 1999
 (Continued)

(7) Accrued Liabilities

Accrued liabilities at March 31, 1999 consisted of the following:

Accrued payroll	\$ 170,071
Payroll taxes payable	<u>6,493</u>
	<u>\$ 176,564</u>

(8) Unrestricted, Operating Net Assets

Included in unrestricted, operating net assets are the following program balances:

Child and Adult Care Food Program	\$ (206,436)
Senior Citizens Program	33,130
General Services	<u>28,937</u>
	<u>\$ (144,369)</u>

(9) Contractual Revenue – Grants

During the year ended March 31, 1999, CCAC received contractual revenue from federal and state grants in the amount of \$5,628,914. The continued existence of these funds is based on annual contract renewals with various funding sources.

(10) Commodities Distribution

The value of the commodities distributed under the TEFAP Commodities Program from April 1, 1998 to March 31, 1999 was approximately \$67,637. The values of the commodities distributed are not reflected in the accompanying financial statements.

(11) Leases

The agency leases several buildings and certain equipment under operating leases. The rental costs on these items for the year ended March 31, 1999, were \$77,675. There were no commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year as of March 31, 1999.

(12) Prior Period Correction

A prior period correction was made which increased net property and equipment by \$181,355. The correction was needed to adjust the reported amounts to agree with the agency's inventory of fixed assets.

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Combining Schedule of Financial Position
 March 31, 1999

Assets	Head Start Program	Early Head Start Program	Child Care		Summer Child Care	Community Service	Home		Senior Citizens	Other General Services	Total
			Food Program	Program			Energy Assistance	Assistance			
Current assets:											
Cash	\$ (21,410)	\$ 23,883	\$ 19,710	\$ 63,872	\$ 1,007	\$ (8)	\$ 33,934	\$ 12,903	\$ 133,891		
Grant receivables			57,622		31,916	8		5,665	95,211		
Other assets	2,300								2,300		
Due from other funds	246,529							16,019	262,548		
Total current assets	227,419	23,883	77,332	63,872	32,923		33,934	34,587	493,950		
Property and equipment:											
Property and equipment	1,182,850				93,612				1,276,462		
Accumulated depreciation	(911,796)				(63,383)				(975,179)		
Net property & equipment	271,054				30,229				301,283		
Total Assets	\$ 498,473	\$ 23,883	\$ 77,332	\$ 63,872	\$ 63,152	\$	\$ 33,934	\$ 34,587	\$ 795,233		
Liabilities Net Assets											
Current liabilities:											
Accounts payable	\$ 72,490	\$	\$ 16,660	\$	\$ 21,965	\$	\$ 119	\$ 51	\$ 111,285		
Accrued liabilities	138,743		20,579		10,958		685	5,599	176,564		
Due to other funds	16,019		246,529						262,548		
Refundable advances	167	23,883		63,872					87,922		
Total current liabilities	227,419	23,883	283,768	63,872	32,923		804	5,650	638,319		
Net assets:											
Unrestricted:											
Operating			(206,436)				33,130	28,937	(144,369)		
Fixed assets	271,054				30,229				301,283		
Total net assets	271,054		(206,436)		30,229		33,130	28,937	156,914		
Total Liabilities and Net Assets	\$ 498,473	\$ 23,883	\$ 77,332	\$ 63,872	\$ 63,152	\$	\$ 33,934	\$ 34,587	\$ 795,233		

Cenia Community Action Committee, Inc.
 Alexandria, Louisiana
 Combining Schedule of Activities
 For the Year Ended March 31, 1999

	Head Start Program	Early Head Start Program	Child Care		Summer Child Care	Community Service	Home		Senior Citizens	Other		Total
			Food Program	Program			Energy Assistance	General Services				
Revenues												
Contractual revenue - grants	\$ 3,909,178	\$ 6,479	\$ 565,023	\$ 270,354	\$ 381,778	\$ 435,834	\$ 40,850	\$ 19,418	\$ 5,628,914			
Miscellaneous revenues							82	36,927	37,009			
Total revenues	3,909,178	6,479	565,023	270,354	381,778	435,834	40,932	56,345	5,665,923			
Expenses												
Salaries	2,477,845	1,702	397,308	182,317	215,258	10,708	10,212	14,206	3,309,556			
Fringe benefits	452,144	130	99,655	17,632	35,334	2,051	1,543		608,489			
Travel	55,954	4,647	4,516	308	3,621	1,579	234	180	71,039			
Equipment	75,407		6,908		14,838	1,087	297	773	99,310			
Occupancy	158,685		921	11,200	9,113	689	454	1,300	182,362			
Telephone	23,055			430	7,243	131	195	386	31,440			
Insurance	35,977			154	6,425	2,926	2,926	1,497	49,905			
Vehicle operation	108,088			3,382					111,470			
Supplies	22,649		988	322	5,280	4,789	1,061		35,089			
Professional services	73,926				10,050	2,141	717	1,426	88,260			
Food and related supplies	252,023		218,334					6,102	476,459			
Miscellaneous	175,869		14,899	54,609	13,456		3,888	192	262,913			
Client assistance payments					27,766	409,243	32,870	16,930	486,809			
Depreciation	130,017				4,806				134,823			
Total expenses	4,041,639	6,479	743,529	270,354	353,190	435,344	54,397	42,992	5,947,924			
Change in net assets	(132,461)		(178,506)		28,588	490	(13,465)	13,353	(282,001)			
Net assets,												
beginning of year,												
as previously reported	222,160		(27,930)		1,641	(490)	46,595	15,584	257,560			
Prior period correction	181,355								181,355			
Net assets, beginning of year, as restated	403,515		(27,930)		1,641	(490)	46,595	15,584	438,915			
Net assets, end of year	\$ 271,054	\$	\$ (206,436)	\$ 30,229	\$	\$ 490	\$ 33,130	\$ 28,937	\$ 156,914			

Cenia Community Action Committee, Inc.
 Alexandria, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended March 31, 1999

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 (Head Start & Summer Child Care)	10.558	N/A	\$ 743,529
Passed through Louisiana Department of Agriculture and Forestry: Temporary Emergency Food Assistance Program	10.568	N/A	13,307
Food Distribution - Value of Commodities Distributed	10.550	N/A	67,637
Total Department of Agriculture			<u>824,473</u>
<u>U.S. Federal Emergency Management Agency</u>			
Emergency Food and Shelter	83.523	Unknown	<u>6,111</u>
<u>U.S. Department of Health and Human Services</u>			
Head Start	93.600	06CH5002/33	3,909,178
Early Head Start	93.600	06YC0555/01	6,478
Passed through Louisiana Department of Labor: Community Services Block Grant (Fy 12-31-98)	93.569	98ND0014	281,275
Community Services Block Grant (Fy 12-31-99)	93.569	99ND0014	87,059
Passed through Louisiana Department of Social Services: Home Energy Assistance Program (Fy 12-31-98)	93.568	37080054005	435,344
Passed through Louisiana Department of Social Services - Office of Family Support Summer Child Care Program - Child Care Assistance Program	93.596	N/A	270,354
Total Department of Health and Human Services			<u>4,989,688</u>
Total Federal Expenditures			<u>\$ 5,820,272</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 March 31, 1999, CCAC had no food commodities in inventory.

**Supplemental Schedules Prepared for
Grants and Contracts Analysis**

Cenla Community Action Committee, Inc.
 Alexandria, Louisiana
 Head Start Grant No. D6CH5002/33
 U.S. Department of Health and Human Services
 Schedule of Revenues, Expenses and Changes in Fund Balance
 For the Contract Period: April 1, 1998 to March 31, 1999

Revenues:	Budget	Actual	COB Balances Current Year
Department of Health & Human Services	\$ 3,909,178	\$ 3,909,178	
Grantee's contribution	977,295	977,295	
Total revenue	4,886,473	4,886,473	
Expenses:			
Personnel	2,492,811	2,477,845	14,966
Fringe benefits	571,236	452,144	119,092
Travel	47,026	28,692	18,334
Equipment	9,208	9,208	
Supplies	89,904	125,810	(35,906)
Contractual	71,369	69,731	1,638
Other	627,624	745,748	(118,124)
	3,909,178	3,909,178	
Grantee's share of inkind contributions	977,295	977,295	
Total all expenses	\$ 4,886,473	4,886,473	
Revenue over (under) expenses			
Fund balance, beginning April 1, 1998		15,302	
Reprogrammed from grant #06CH5002/32		(15,302)	
Fund balance, ending March 31, 1999		\$	

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Summer Child Care Program
Louisiana Department of Social Services
Office of Family Support
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Period: April 1, 1998 to March 31, 1999

Revenue:

Contract revenue	\$ 236,872
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Expenses:

Salaries	182,317
Fringe benefit	17,632
Travel	308
Supplies	322
Services	11,784
Other costs	57,991
Total expenses	<u>270,354</u>

Excess revenue (expenses)	<u>\$ (33,482)</u>
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COOK & MOREHART

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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
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

We have audited the financial statements of Cenla Community Action Committee, Inc. as of and for the year ended March 31, 1999, and have issued our report thereon dated August 27, 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 Cenla Community Action Committee, 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*. We noted certain immaterial instances of noncompliance which we have reported to management in a separate management letter dated August 27, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cenla Community Action Committee, 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we considered to be a reportable condition. Reportable conditions involve matters coming to our attention relating to a significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Cenla Community Action Committee, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-B1.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management in a separate management letter dated August 27, 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.



Cook & Morehart
Certified Public Accountants
August 27, 1999

COOK & MOREHART

Certified Public Accountants

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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
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

Compliance

We have audited the compliance of Cenla Community Action Committee, 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 March 31, 1999. Cenla Community Action Committee, 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 federal programs is the responsibility of Cenla Community Action Committee, Inc.'s management. Our responsibility is to express an opinion on Cenla Community Action Committee, Inc.'s compliance based on our audit.

We conducted our audit of compliance 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 Cenla Community Action Committee, 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 Cenla Community Action Committee, Inc.'s compliance with those requirements.

In our opinion, Cenla Community Action Committee, 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 March 31, 1999.

Internal Control Over Compliance

The management of Cenla Community Action Committee, 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 Cenla Community Action Committee, 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 the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a *reportable condition*. *Reportable conditions* involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Cenla Community Action Committee, Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-C1.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is a 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.



Cook & Morehart
Certified Public Accountants
August 27, 1999

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Summary Schedule of Prior Audit Findings
March 31, 1999

FINDING 98-1: Annual Financial Statements

Condition: Annual financial statements were not filed timely with the Louisiana Legislative Auditor's office as required by LSA-RS 24:514.

Current Status: Audit for year ended March 31, 1999 will be filed timely.

FINDING 98-2: Payment Approvals

Condition: Several cash disbursements tested lacked final approval prior to check signature by a board member.

Current Status: All disbursements now obtain final approval prior to check signature by a Board member.

FINDING 98-3: Duplicate Payment

Condition: One cash disbursements tested was noted to be a duplicate payment.

Current Status: Problem was corrected.

FINDING 98-4: Cash Disbursement not in Agreement with Invoices

Condition: Two cash disbursements tested did not agree with the total of the invoices attached.

Current Status: Problem was corrected.

FINDING 98-5: Head Start – CFDA 93.600

Condition: Head Start program reports, including Forms 269 and 272 reports, were filed late.

Current Status: Began filing reports timely.

FINDING 98-6: Community Services Block Grant – CFDA 93.569

Condition: Expenditure reports and activity reports for the Community Services Block Grant were often filed late.

Current Status: Began filing reports timely.

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Summary Schedule of Prior Audit Findings
March 31, 1999
(Continued)

FINDING 98-7: Community Services Block Grant – CFDA 93.569

Condition: Annual audit report was not timely filed.

Current Status: Audit completed timely for March 31, 1999 year.

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Schedule of Findings and Questioned Costs
March 31, 1999

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Cenla Community Action Committee, Inc.
2. One reportable condition is 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*. The condition is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Cenla Community Action Committee, Inc. were disclosed during the audit.
4. One reportable condition is 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. The condition is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for Cenla Community Action Committee, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Cenla Community Action Committee, Inc. are reported in Part C. of this schedule.
7. The programs tested as major programs included: 1) Head Start Program CFDA #93.600; 2) Child and Adult Care Food Program CFDA #10.558; 3) Low-Income Home Energy CFDA #93.568; and Community Services Block Grant CFDA #93.569.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Cenla Community Action Committee, Inc. did not qualify as a low-risk auditee.

B. Findings – Financial Statements Audit

99-B1 Deficit CACFP

Reportable Condition: As of March 31, 1999, the Child and Adult Care Food Program had an operating deficit of \$ (206,436).

Criteria: Internal controls should be in place to allow a proper financial monitoring of the program's expenses in order to prevent deficits.

(Continued)

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Schedule of Findings and Questioned Costs
March 31, 1999
(Continued)

Effect of Condition: Because of the lack of controls over the financial monitoring of the program, certain expenses were not reimbursed by other programs and not charged on a current basis to the correct program.

Recommendation: Procedures should be implemented to closely monitor the Child and Adult Care Food Program on a monthly basis. Also a financial plan should be developed to eliminate the deficit.

Management's Response: In order to eliminate the deficits, Cenla has requested \$74,081.51 from Louisiana Department of Social Services for cost not previously requested to be reimbursed. We have also analyzed the Food Service Program from April 1998 to September 30, 1999, and will charge excess expenses to the Head Start Program for expenses not reimbursed. The deficit reflected in the audit report is a deficit as of March 31, 1999 which is six months into the CACFP September 30, 1999 grant year.

The above mentioned items should eliminate the deficit at September 30, 1999 which is the end of the CACFP grant year.

We will also more closely monitor the Food Service Program on a monthly basis, and allocate unreimbursed cost to the proper program on a monthly basis in order to eliminate future deficits in the Food Service Program.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

DEPARTMENT OF AGRICULTURE

99-C1 Child and Adult Care Food Program (FDCH) – CFDA #10.558

Reportable Condition: As discussed at 99-B1, the Child and Adult Care Food Program had an operating deficit of \$ (206,436). Because of the lack of controls over the financial monitoring of the program certain expenses were not reimbursed by other programs and not charged on a current basis to the correct program. Procedures should be implemented to closely monitor the Child and Adult Care Food Program on a monthly basis. Also, a financial plan should be developed to eliminate the deficit.

Management's Response: See 99-B1.

**Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Summary Schedule of Prior Audit Findings
Schedule for Louisiana Legislative Auditor
March 31, 1999**

The prior year findings for the year ended March 31, 1998, are addressed on pages 21 and 22 in the Summary Schedule of Prior Audit Findings.

Cenla Community Action Committee, Inc.
Alexandria, Louisiana
Corrective Action Plan for Current Year Audit Findings
Schedule for Louisiana Legislative Auditor
March 31, 1999

The current year findings, for the year ended March 31, 1999, are addressed on pages 23- 24 in the Schedule of Findings and Questioned Costs.

The corrective action plan for the management letter comments for the year ended March 31, 1999 are addressed below:

Comment #1: Overdrawn Bank Accounts

Cenla now has check registers that are maintained on current basis to ensure that appropriate funds are available prior to disbursement being made.

Comment #2: General Fund Deposits

The Finance Officer will review the bank reconciliation and ensure the reconciled balances agree with the agency's general ledger.

Comment #3: Disbursement Testing

Cenla will only pay from original vendor invoices for future payments.

Comment #4: Head Start Report

The Head Start Report will be prepared from the general ledger with reconciling information filed with the report.

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Management Letter

August 27, 1999

The Board of Directors of the
Cenla Community Action Committee, Inc.
Alexandria, Louisiana

Attention: Joan Lee, Executive Director

We have audited the financial statements of Cenla Community Action Committee, Inc. (CCAC), for the year ended March 31, 1999, and have issued our report thereon dated August 27, 1999. In planning and performing our audit of the financial statements of Cenla Community Action Committee, 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 or operations of CCAC. These comments have been discussed with the appropriate members of management.

Comment #1: Overdrawn Bank Accounts

During our audit we noted that several of CCAC's bank accounts were overdrawn at various times during the year and incurred overdraft fees.

We suggest that the agency more effectively monitor its cash balances to ensure that appropriate funds are available prior to disbursements being made.

Comment #2: General Fund Deposits

During our audit we noted that CCAC did not record any deposits made to the General Fund bank account in the general ledger for the months of December 1998 or January 1999. In addition, several manual checks, as well as service charges and interest income, were not recorded in the general ledger for the months of December 1998 and January – February 1999.

We suggest that the agency record all activity in the general ledger on a regular basis and that the agency complete monthly bank reconciliations on all accounts, tying the reconciled balance to the general ledger.

Comment #3: Disbursement Testing

During our disbursement testing, we noted that CCAC sometimes pays bills from vendor statements, rather than from original vendor invoices.

We suggest that disbursements be made only from original vendor invoices.

Comment #4: Head Start Reports

The Head Start program Forms 269 and 272 reports were not prepared from or reconciled to the agency's general ledger.

We recommend that these reports be prepared from or reconciled to the agency's general ledger prior to submission to funding source.

We express sincere thanks to CCAC 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