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ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Financial Report

Year Ended June 30, 1999

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 DEC 22 1999

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana

We have audited the accompanying general purpose financial statements of the Allen Action Agency, Inc., (the Agency), a component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these general purpose 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 and the provisions of Office of Management and Budget 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 the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Allen Action Agency, Inc., a component unit of the Allen Parish Police Jury, as of June 30, 1999, and the results of its operations 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 November 3, 1999, on our consideration of Allen Action Agency, Inc.'s internal control over financial reporting and 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 general purpose financial statements taken as a whole. The year 2000 supplemental information on page 13 is not a required part of the general purpose financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Allen Action Agency, Inc. is or will become year 2000 compliant, that Allen Action Agency, Inc.'s year 2000 remediation efforts will be successful in whole or in part, or that parties with which Allen Action Agency, Inc. does business are or will become year 2000 compliant.

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The other supplemental information (pp. 14-30) is presented for purposes of additional analysis. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by the 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Oberlin, Louisiana
November 3, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1999

	Governmental		Account Groups		Totals (Memorandum Only)
	Fund Types		General	General	
	General Fund	Special Revenue	Fixed Assets	Long-term Debt	
ASSETS					
Cash	\$28,484	\$22,699	\$ -	\$ -	\$ 51,183
Receivables:					
Due from other governments	-	59,041	-	-	59,041
Due from other funds	33,160	3,274	-	-	36,434
Buildings, automobiles, and equipment	-	-	285,056	-	285,056
Amount to be provided for retirement of general long-term debt	-	-	-	6,538	6,538
Total assets	<u>\$61,644</u>	<u>\$85,014</u>	<u>\$285,056</u>	<u>\$ 6,538</u>	<u>\$438,252</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 69	\$28,977	\$ -	\$ -	\$ 29,046
Due to other funds	3,274	33,160	-	-	36,434
Payroll taxes payable	16,718	-	-	-	16,718
Compensated absences payable	-	-	-	6,538	6,538
Total liabilities	<u>20,061</u>	<u>62,137</u>	<u>-</u>	<u>6,538</u>	<u>88,736</u>
Fund equity:					
Investment in fixed assets	-	-	285,056	-	285,056
Unreserved	41,583	-	-	-	41,583
Reserved for restricted purpose	-	22,877	-	-	22,877
Total fund equity	<u>41,583</u>	<u>22,877</u>	<u>285,056</u>	<u>-</u>	<u>349,516</u>
Total liabilities and fund equity	<u>\$61,644</u>	<u>\$85,014</u>	<u>\$285,056</u>	<u>\$ 6,538</u>	<u>\$438,252</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
Year Ended June 30, 1999

	General Fund	Special Revenue Funds	Totals (Memorandum Only)
REVENUES:			
State and federal grants	\$ -	\$ 1,042,402	\$ 1,042,402
In-kind contributions	-	176,642	176,642
Other	12,500	13,444	25,944
Total revenues	12,500	1,232,488	1,244,988
EXPENDITURES:			
Current -			
Salaries	4,652	570,085	574,737
Fringe benefits	514	73,751	74,265
Travel	60	12,918	12,978
Program services	1,720	394,286	396,006
Other	740	176,642	177,382
Capital outlay	-	2,000	2,000
Total expenditures	7,686	1,229,682	1,237,368
Excess of revenues over expenditures	4,814	2,806	7,620
Fund balances, beginning	36,769	20,071	56,840
Fund balances, ending	\$41,583	\$ 22,877	\$ 64,460

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements

INTRODUCTION

Allen Action Agency, Inc., (the Agency), Inc. under the laws of the State of Louisiana on August 19, 1965, is a nonprofit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The laws of the State of Louisiana exempt the Agency from Louisiana taxation. The majority of this agency's funding comes from government grants renewable annually.

(1) Summary of Significant Accounting Policies

The financial statements of the Allen Action Agency, Inc. have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization that is fiscally dependent on the primary government should be included in its reporting entity.

Based on the following application of criteria, there are no potential component units which should be included in the Agency's financial statements. The Agency is a component unit of the Allen Parish Police Jury based on a review of various entities performed by the Louisiana Legislative Auditor's Office. It is the opinion of that office that community action agencies are nonprofit corporations established to perform a public purpose which the parish police jury is statutorily authorized to perform. The police jury appoints two members of the governing board of the community action agency (which is not considered a voting majority.) However, because the nature and significance of the relationship between the community action agency and the police jury are such, exclusion from the financial reporting of the police jury would render the financial statements incomplete or misleading. This report includes all funds which are controlled by the Allen Action Agency, Inc.'s Board of Directors.

B. Fund Accounting

The accounts of the Allen Action Agency, Inc. are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The governmental funds and the programs comprising them as presented in the financial statements are described as follows:

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

Governmental Fund Types –

General Fund

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund. These *discretionary funds are accounted for and reported according to the funding source (federal, state, or local) from which they are derived.*

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources other than expendable trust or major capital projects that are legally restricted to expenditures for specified purposes. These funds also account for the revenues and expenditures related to federal, state, and local grant and entitlement programs.

Account Groups -

Account groups are used to establish accounting control and accountability for the Agency's general fixed assets and general long-term debt. The account groups are not funds. They are concerned only with the measurement of financial position, not with measurement of results of operations.

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group.

General Long-Term Debt Account Group

Long-term debt expected to be financed from governmental funds is accounted for in the general long-term debt account group.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Governmental fund revenues are susceptible to accrual if the related expenditure has been incurred as of the balance sheet date. Other revenue, not related to a specific expenditure, is recognized when received.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

D. Budget Policy

The Agency is not required and did not adopt a budget for this fiscal year.

E. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire them. Instead, capital acquisitions are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Asset Account Group. All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. No depreciation has been provided for any general fixed assets and presentation of this account information is not intended to purport them as available resources for present or future Agency operations.

F. Deposits with Financial Institutions

Cash includes amounts in demand deposits. Under state law, the Agency may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

As reflected in the combined balance sheet, the Agency has cash carrying value totaling \$51,183 at June 30, 1999. Total bank deposits at year end were \$81,197. The total amount is fully insured through federal deposit insurance.

G. Compensated Absences/Changes in Long-Term Debt

Vested or accumulated vacation leave that is not expected to be liquidated with expendable available financial resources is reported in the General Long-term Debt Account Group. *No liability for sick leave is reported in the financial statements since the Agency does not pay any accrued sick leave amounts at separation.*

Employees accrue vacation and sick leave based on years of service. Employees with three years of service or less accrue eight hours of vacation and sick leave annually, three to five years of service permits ten hours of accrual annually, and employees with five or more years of service accrue twelve hours annually. At June 30, 1999, accrued vacation leave was \$6,538. Sick leave was \$8,660. Accrued vacation leave (General Long-term Debt Account Group) increased by \$326 from \$6,212 at June 30, 1998 to \$6,538 at June 30, 1999.

H. Short-term Interfund Receivable/Payables

During the course of operations, transactions occur between the General Fund and other funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

I. Total Columns of Combined Statements – Overview

Total columns on the combined statements – overview are captioned “memorandum only” to indicate that they are presented only to help with financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Board of Directors’ Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

(3) Income Tax Status

The Allen Action Agency, Inc., a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(4) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance <u>07/01/98</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/99</u>
Building and Improvements	\$ 109,262	\$ -	\$ 71,267	\$ 37,995
Automobiles	146,572	-	11,617	134,955
Furniture and Equipment	<u>203,792</u>	<u>2,000</u>	<u>93,686</u>	<u>112,106</u>
Totals	<u>\$ 459,626</u>	<u>\$ 2,000</u>	<u>\$ 176,570</u>	<u>\$ 285,056</u>

(5) In-kind Contributions

Allen Action Agency, Inc. received in-kind contributions during the year, which consisted of commodities furnished at no cost by the State of Louisiana. The total amount of commodities furnished to the Agency during the year ended June 30, 1999 totaled \$11,552. These commodities were distributed to needy families during the year. The value of these commodities has been recorded in the Commodities Special Revenue Fund as a revenue and an expenditure.

The Agency also records in-kind contributions for the Headstart Program for various personal services rendered, space donated, travel expenditures incurred, and other miscellaneous donations. These amounts have been recorded in the Headstart Special Revenue Fund.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(6) Judgements, Claims, and Similar Contingencies

Management has represented that there is no litigation pending against the Agency at June 30, 1999. Furthermore, the Agency's management believes that any potential lawsuits would be adequately covered by insurance. The Agency has not retained the risk of loss in relation to insurance matters. Their policy is to purchase commercial insurance for any of their needs.

The Agency receives revenues from various Federal and State grant programs which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are normally recognized in the period in which agreed upon between the parties involved. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Agency's financial position.

(7) Economic Dependency

The Agency receives the majority of its revenue from funds provided through grants. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Agency receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Agency will receive in the next fiscal year.

(8) Other Required Disclosures

Deficit Fund Balances – The following Special Revenue Funds have deficit fund balances due to timing of expenditure recognition:

(1) CSBG Grant Fund \$556; and (2) Weatherization Program Fund \$2,129.

Due from Other Governments -- Amounts due from other agencies are comprised of the following:

Headstart Grant - Expense reimbursement	\$ 5,284
LiHeap Grant - Expense reimbursement	18,472
Summer Child Care Grant - Expense reimbursement	<u>35,285</u>
Total	<u>\$59,041</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

Interfund Assets/Liabilities – The following funds had short term loan transactions at June 30, 1999:

	Receivable	Payable
General Fund	\$ 33,160	\$ 3,274
Special Revenue Funds:		
Weatherization	-	2,243
CSBG Fund	-	158
Headstart	-	1,345
LiHeap	3,274	-
Summer Child Care	-	29,414
Total	\$ 36,434	\$ 36,434

Reserved Fund Balances – The special revenue fund balances are reflected as reserved for restricted purposes due to nature of the funds. All of the special revenue funds are grant programs, whose funds are required to be expended for specific purposes outlined in the various grant documents.

(9) Deferred Compensation Plan

The Agency maintains a 403(b) plan for its employees of the Headstart program and Agency administrative personnel. Under this plan, there is no fixed dollar amount of retirement benefits. Employee and employer contributions determine the retirement benefits available. Contributions are invested in mutual funds, which will be the custodian. Participants are eligible by completing one month of service with the Agency. Employee contributions cannot exceed 10% of compensation. Employer contributions are discretionary. Vesting is automatic. Participants may receive loans from their individual accounts up to the lesser of \$50,000 or 50% of their account balance. Loans will bear interest at a rate determined by the plan administrator. The term of loans may not exceed five years.

SUPPLEMENTAL INFORMATION

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Impact of Year 2000 on Computer Programs (Unaudited)

Impact of Year 2000 on Computer Programs

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Allen Action Agency, Inc.'s computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions or engage in similar normal business activities.

The Allen Action Agency, Inc. had completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting Allen Action Agency, Inc.'s operations and have identified such systems as being financial reporting and payroll.

The financial reporting and payroll systems have been assessed, remediated, and tested and validated.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Allen Action Agency, Inc. is or will be Year 2000 ready, that the Allen Action Agency, Inc.'s remediation efforts will be successful in whole or in part, or that parties with whom the Allen Action Agency, Inc. does business will be year 2000 ready. The Allen Action Agency, Inc. is utilizing external resources to identify and test the systems for Year 2000 compliance.

SCHEDULE OF INDIVIDUAL FUNDS

SPECIAL REVENUE FUNDS

CSBG Regular Grant Fund

The CSBG Fund accounts for funds granted by the United States Department of Health and Human Services under Community Services Block Grant Program. This program provides funds to assist in ameliorating the causes and consequences of poverty.

Summer Child Care Fund

This fund accounts for monies received from the U.S. Department of Health and Human Services. This program provides child care services primarily to economically disadvantaged preschool children of working parents.

Emergency Energy Assistance Fund

The Emergency Energy Assistance Fund accounts for funds donated to local utility companies by the public to provide to low income families.

Commodity Distribution Fund

The Commodity Fund accounts for commodity distributions granted by the United States Department of Agriculture under the Food Distribution Program.

Food & Nutrition Program Fund

This fund accounts for funds received from the State of Louisiana Department of Education to be used for the expenditures relating to the operations of the child care food program.

Headstart Fund

The Headstart Fund accounts for monies received from the U.S. Department of Health and Human Services. This program provides comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children.

LiHeap Grant Fund

The LiHeap Fund accounts for funds granted by the United States Department of Health and Human Services under the Low Income Home Energy Assistance Block Grant Program. This program assists low income persons with meeting the costs of home energy.

Weatherization Program Fund

This fund accounts for funds granted by the Louisiana Department of Social Services and U.S. Department of Energy. This program attempts to conserve energy and reduce the impact of rising energy costs on low-income persons through the installation of energy-conserving measures in their dwellings.

Emergency Food and Shelter (United Way) Fund

The Emergency Food and Shelter (United Way) Fund accounts for funds granted by the Emergency Food and Shelter National Board Program.

Headstart Parents Fund

This fund accounts for monies generated by activities of Headstart participants parents, which is under the control of the Allen Action Agency, Inc.'s Board of Directors.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana
Special Revenue Funds

Combining Balance Sheet
June 30, 1999

	CSBG Regular Grant Fund	Summer Child Care Fund	Emergency Energy Assistance Fund	Commodity Distribution Fund	Food and Nutrition Program Fund	Headstart Fund
ASSETS						
Cash	\$ 34	\$ 813	\$ 161	\$ 18	\$10,927	\$ -
Receivables:						
Due from other governments	-	35,285	-	-	-	5,284
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 34</u>	<u>\$36,098</u>	<u>\$ 161</u>	<u>\$ 18</u>	<u>\$10,927</u>	<u>\$ 5,284</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	\$432	\$ 5,871	\$ -	\$ -	\$ -	\$ 3,939
Due to other funds	<u>158</u>	<u>29,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,345</u>
Total liabilities	<u>590</u>	<u>35,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,284</u>
Fund Equity:						
Reserved for restricted purpose	<u>(556)</u>	<u>813</u>	<u>161</u>	<u>18</u>	<u>10,927</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 34</u>	<u>\$36,098</u>	<u>\$ 161</u>	<u>\$ 18</u>	<u>\$10,927</u>	<u>\$ 5,284</u>

(continued)

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana
Special Revenue Funds

Combining Balance Sheet (Continued)
June 30, 1999

	LiHeap Grant Fund	Weatherization Program Fund	United Way Fund	Headstart Parents Fund	Total
ASSETS					
Cash	\$ 7,771	\$ 376	\$2,113	\$ 486	\$ 22,699
Receivables:					
Due from other governments	18,472	-	-	-	59,041
Due from other funds	3,274	-	-	-	3,274
Total assets	\$29,517	\$ 376	\$2,113	\$ 486	\$ 85,014
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$18,473	\$ 262	\$ -	\$ -	\$ 28,977
Due to other funds	-	2,243	-	-	33,160
Total liabilities	18,473	2,505	-	-	62,137
Fund equity:					
Reserved for restricted purpose	11,044	(2,129)	2,113	486	22,877
Total liabilities and fund equity	\$29,517	\$ 376	\$2,113	\$ 486	\$ 85,014

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 1999

	CSBG Regular Grant Fund	Summer Child Care Fund	Emergency Energy Assistance Fund	Commodity Distribution Fund	Food and Nutrition Program Fund	Headstart Fund
REVENUES:						
State and federal grants	\$71,591	\$122,735	\$ -	\$ 2,426	\$60,411	\$618,828
In-kind contributions	-	-	-	11,552	-	165,090
Other	-	-	7,106	-	-	4,148
Total revenues	<u>71,591</u>	<u>122,735</u>	<u>7,106</u>	<u>13,978</u>	<u>60,411</u>	<u>788,066</u>
EXPENDITURES:						
Current -						
Salaries	53,996	86,245	-	-	20,876	400,949
Fringe benefits	5,427	10,603	-	-	-	55,679
Travel	3,049	431	-	-	-	8,226
Program services	9,521	25,775	7,231	2,410	44,616	154,486
Other	-	-	-	11,552	-	165,090
Capital outlay	-	-	-	-	-	2,000
Total expenditures	<u>71,993</u>	<u>123,054</u>	<u>7,231</u>	<u>13,962</u>	<u>65,492</u>	<u>786,430</u>
Excess (deficiency) of revenues over expenditures	(402)	(319)	(125)	16	(5,081)	1,636
Fund balances, beginning	<u>(154)</u>	<u>1,132</u>	<u>286</u>	<u>2</u>	<u>16,008</u>	<u>(1,636)</u>
Fund balances, ending	<u>\$ (556)</u>	<u>\$ 813</u>	<u>\$ 161</u>	<u>\$ 18</u>	<u>\$10,927</u>	<u>\$ -</u>

(continued)

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Year Ended June 30, 1999

	LiHeap Grant Fund	Weatherization Program Fund	United Way Fund	Headstart Parents Fund	Total
REVENUES:					
State and federal grants	\$139,416	\$17,070	\$9,925	\$ -	\$1,042,402
In-kind contributions	-	-	-	-	176,642
Other	-	-	-	2,190	13,444
	<u>139,416</u>	<u>17,070</u>	<u>9,925</u>	<u>2,190</u>	<u>1,232,488</u>
EXPENDITURES:					
Current -					
Salaries	4,827	3,192	-	-	570,085
Fringe benefits	453	1,589	-	-	73,751
Travel	735	477	-	-	12,918
Program services	127,392	11,258	9,814	1,783	394,286
Other	-	-	-	-	176,642
Capital outlay	-	-	-	-	2,000
	<u>133,407</u>	<u>16,516</u>	<u>9,814</u>	<u>1,783</u>	<u>1,229,682</u>
Excess (deficiency) of revenues over expenditures	6,009	554	111	407	2,806
Fund balances, beginning	<u>5,035</u>	<u>(2,683)</u>	<u>2,002</u>	<u>79</u>	<u>20,071</u>
Fund balances, ending	<u>\$ 11,044</u>	<u>\$ (2,129)</u>	<u>\$2,113</u>	<u>\$ 486</u>	<u>\$ 22,877</u>

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER GRANT INFORMATION**

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana

We have audited the general purpose financial statements of the Allen Action Agency, Inc., a component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 3, 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 the Allen Action Agency, Inc.'s general purpose 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 the Allen Action Agency, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 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 financial reporting that, in our judgment, could adversely affect the Allen Action Agency, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs in Part II, Section B, reference number 99-1.

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 general purpose 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. We consider the reportable condition described in the accompanying schedule of findings and questioned costs to be a material weakness. We also noted another matter involving the internal control over financial reporting that we have reported to the management of the Allen Action Agency, Inc. in a separate letter dated November 3, 1999.

This report is intended solely for the information and use of Allen Action Agency, Inc.'s management, others within the Agency, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Oberlin, Louisiana
November 3, 1999

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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
Allen Action Agency, Inc.
Oberlin, Louisiana

Compliance

We have audited the compliance of the Allen Action Agency, Inc., a component unit of the Allen Parish Police Jury, 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. The Allen Action Agency, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Allen Action Agency, Inc.'s management. Our responsibility is to express an opinion on the Allen Action Agency, 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 the Allen Action Agency, 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 the Allen Action Agency, Inc.'s compliance with those requirements.

In our opinion, the Allen Action Agency, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the Allen Action Agency, 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 the Allen Action Agency, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine 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 a material weakness. 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 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 Allen Action Agency, Inc.'s management, others within the Agency, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Oberlin, Louisiana
November 3, 1999

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended June 30, 1999

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services Headstart*	93.600	-	\$ 617,192
<u>Other Federal Awards</u>			
U. S. Department of Health and Human Services Passed Through the State Department of Social Services - LiHeap	93.568	528371	133,407
Summer Child Care	93.575	519965	123,054
Passed Through the State Department of Labor - Community Service Block Grant	93.569	99N0010	<u>71,993</u>
Total Department of Health and Human Services			<u>328,454</u>
U. S. Department of Agriculture Passed Through the State Department of Agriculture and Forestry Emergency Food Assistance Program - Needy Family Food Distribution	10.550	-	2,410
Passed Through the State Department of Education - Child Care Food	10.558	-	<u>65,492</u>
Total Department of Agriculture			<u>67,902</u>
Department of Energy Passed Through the State Department of Social Services- Weatherization	81.042	515915	<u>16,516</u>
Federal Emergency Management Agency (FEMA) Passed Through the Emergency Food and Shelter Program National Board Food and Shelter	83.523	-	<u>9,814</u>
Total other federal assistance			<u>422,686</u>
Total expenditures of federal awards			<u>\$ 1,039,878</u>

*Major federal financial assistance programs.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 1999

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Allen Action Agency, Inc.. The Allen Action Agency, Inc.'s reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 1999. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The Headstart Program was considered a major federal program for the Allen Action Agency, Inc.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Allen Action Agency, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

(3) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the Schedule of Expenditures of Federal Awards to total expenses per combined statement of revenues, expenditures, and changes in fund balances is as follows:

Total expenses per combining statement of revenues, expenditures, and changes in fund balances - Special Revenue Funds	\$ 1,229,682
Less: In-kind contributions	165,090
Non-federal expenses	<u>24,714</u>
Total expenditures per schedule of federal awards	<u>\$ 1,039,878</u>

The total in-kind contributions of \$165,090 were for federal programs.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 1999

Part I. Summary of Auditors' Results:

1. The auditors' report expresses an unqualified opinion on the financial statements of Allen Action Agency, Inc.
2. A reportable condition in internal control was disclosed by the audit of the financial statements. The reportable condition was considered to be a material weakness.
3. No instances of noncompliance were disclosed by the audit of the financial statements.
4. No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.
5. The auditors' report on compliance for the major federal award programs expresses an unqualified opinion on all major programs.
6. The audit disclosed no reportable conditions over major programs required to be reported under Section 510(a) of Circular A-133.
7. The major program was:
U. S. Department of Health and Human Services: Headstart, CFDA 93.600.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. Allen Action Agency, Inc. did not qualify as a low risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Compliance Findings -

There are no compliance findings to be reported at June 30, 1999.

B. Internal Control Findings --

99-1 Segregation of duties

Condition: One person is currently performing the function of preparing disbursements, recording the disbursements in the journals, and posting to the general ledger.

Criteria: Segregation of duties should be such that one person is not charged with preparing disbursements and posting to the journals and ledgers.

(continued)

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 1999

Effect: Segregation of duties necessary for proper controls are not in place, allowing one person to have control over two accounting functions which should be separate.

Recommendation: We recommend that the Executive Director, as well as the Board of Directors, take an active interest in the review of all of the financial information. We do note that this situation is inherent to most agencies of this type and is difficult to solve due to funding limitations. This was also a prior year finding.

Response: We concur with the recommendation. The Executive Director and the Board of Directors will continue to take an active role in the day to day operations of the Agency.

C. Management Letter --

99-2 Headstart Poverty Level Guidelines

Condition: Headstart poverty level guidelines are not being monitored sufficiently.

Criteria: The group of Headstart students who exceed the poverty level guidelines should be monitored to ensure that it does not exceed 10% of the student population as a whole.

Effect: Failure to monitor the poverty level guidelines could result in noncompliance with the Headstart grant agreement by exceeding the 10% maximum level.

Recommendation: We recommend that the poverty level guidelines for Headstart be monitored more closely to ensure that the group of students exceeding the poverty level does not exceed the maximum 10% level required by the Headstart grant agreement.

Response: We concur with the recommendation. The Executive Director and the Headstart Director will monitor the poverty level guidelines more closely.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings to be reported under this section at June 30, 1999.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 1999

<u>Description of Finding/ Management Letter Comment</u>	<u>Status</u>
<u>I. Compliance findings</u>	
None	
<u>II. Internal control finding</u>	
98-1 I/C (Material weakness) Segregation of duties	Corrective action not taken. See 99-1
<u>III. Findings and questioned costs for Federal awards</u>	
None	
<u>IV. Management letter</u>	
None	

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MANAGEMENT LETTER

Mr. R.E. Weatherford, Executive director
And the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana 70655

Our examination of the general purpose financial statements of the Allen Action Agency, Inc. as of and for the year ended June 30, 1999 revealed a certain area in which improvement in the accounting system and financial practices of the Agency may be desirable.

Headstart Poverty Level Guidelines

The Agency should monitor more closely the poverty level guidelines for Headstart to ensure that the group of students exceeding the poverty level does not exceed the maximum 10% level.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our examination. Should you have any questions or need assistance in implementing our suggestion, please feel free to contact us.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Oberlin, Louisiana
November 3, 1999

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Management's Corrective Action Plan
Year Ended June 30, 1999

Schedule of Findings and Questioned Costs - Part II, Section B, Finding 99-1:

Contact person: R. E. Weatherford, Executive Director

Corrective action:

The Allen Action Agency, Inc.'s Executive Director and the Board of Directors will continue to take an active role in the day to day operations of the Agency. This was a prior year finding, and this corrective action plan went into effect November 24, 1998.

Schedule of Findings and Questioned Costs - Part II, Section C, Finding 99-2:

Contact person: R. E. Weatherford, Executive Director

Corrective action:

The Allen Action Agency, Inc. will monitor the poverty level guidelines more closely to ensure that the group of students exceeding the poverty level does not exceed the maximum 10% level.