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**Delta Community Action Association, Inc.
Tallulah, 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

Delta Community Action Association, Inc.
Tallulah, Louisiana

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Independent Auditors' Report

To the Board of Directors
Delta Community Action Association, Inc.
Tallulah, Louisiana

We have audited the accompanying statements of financial position of Delta 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 Delta 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 Delta 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 5, 1999 on our consideration of Delta 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 combining schedules on pages 12 and 13 are presented for the purpose of additional analysis and are not a required part of the financial statements of Delta Community Action Association, 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 For Grants and Contracts Analysis" in the table of contents, and shown on pages 15 – 23, are presented for the purpose of providing various funding sources of Delta Community Action Association, 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 Delta Community Action Association, Inc., and certain schedules are for periods other than Delta's audit year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, these schedules are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, they are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook and Morehart
Certified Public Accountants
November 5, 1999

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

Assets	<u>1999</u>	<u>1998</u>
Current assets:		
Cash	\$ 216,846	\$ 196,872
Grant receivables	332,639	362,127
Other receivables		465
Due from other funds	17,478	42,628
Total current assets	<u>566,963</u>	<u>602,092</u>
Property and Equipment:		
Property and equipment	915,287	720,334
Accumulated depreciation	(454,180)	(389,010)
Total property and equipment	<u>461,107</u>	<u>331,324</u>
Total Assets	<u>\$ 1,028,070</u>	<u>\$ 933,416</u>
Liabilities Net Assets		
Current liabilities:		
Accounts payable	\$ 137,065	\$ 194,917
Accrued liabilities	28,818	28,600
Other liabilities		4,675
Due to other funds	17,478	42,628
Line of credit	50,000	
Refundable advances	233,917	229,823
Total current liabilities	<u>467,278</u>	<u>500,643</u>
Net assets:		
Unrestricted:		
Operating	99,685	101,449
Fixed assets	461,107	331,324
Total net assets	<u>560,792</u>	<u>432,773</u>
Total Liabilities and Net Assets	<u>\$ 1,028,070</u>	<u>\$ 933,416</u>

The accompanying notes are an integral part of this statement.

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

	Unrestricted	
	1999	1998
Revenues and Other Support:		
Contractual revenue - grants	\$ 3,036,955	\$ 2,802,706
Miscellaneous revenues	5,280	4,516
	3,042,235	2,807,222
Expenses:		
Head Start program	1,243,931	1,067,461
Child care food program	113,786	156,040
Summer child care	173,145	233,786
Community services block grant	132,563	120,160
Home energy assistance	171,715	125,608
Family day care services	557,941	600,522
Delta recovery program	146,223	147,062
Migrant education	325,956	319,778
Even Start		9,253
Mental health program	21,157	12,164
Commodities distribution	8,892	8,002
General services	18,907	20,078
	2,914,216	2,819,914
Changes in net assets	128,019	(12,692)
Net assets as of beginning of year	432,773	445,465
Net assets as of end of year	\$ 560,792	\$ 432,773

The accompanying notes are an integral part of this statement.

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

	1999	1998
Operating activities		
Changes in net assets	\$ 128,019	\$ (12,692)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	65,169	67,194
(Increase) decrease in operating activities		
Grant receivables	29,488	(138,036)
Other receivables	465	(465)
Increase (decrease) in operating liabilities:		
Accounts payable	(57,852)	39,028
Accrued liabilities	218	1,399
Refundable advances	4,094	115,135
Other liabilities	(4,675)	4,675
Net cash provided by operating activities	164,926	76,238
Investing Activities		
Payments for property and equipment	(194,952)	(57,740)
Net cash used in investing activities	(194,952)	(57,740)
Financing Activities		
Draws on lines of credit	110,000	
Payments on lines of credit	(60,000)	
Net cash provided by financing activities	50,000	
Net (decrease) in cash	19,974	18,498
Cash as of beginning of year	196,872	178,374
Cash as of end of year	\$ 216,846	\$ 196,872

Interest paid during the year ended June 30, 1999 was \$80.

The accompanying notes are an integral part of this statement.

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

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Delta Community Action Association, Inc. (Delta) is a private non-profit corporation incorporated under the laws of the State of Louisiana. A Board of Directors composed of 15 members governs Delta. Delta operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in various parishes in Louisiana that Delta serves. The following programs, with their approximate percentage of total revenues indicated, are administered by Delta:

Head Start Program (45%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

Child Care Food Program (4%) – Provides a food service program in coordination with the Head Start and Summer Child Care Programs. Funding is provided by federal funds from USDA passed through the Louisiana Department of Education.

Community Services Block Grant (5%) – 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 (6%) – Assists low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Department of Social Services.

Family Day Care Services (18%) – Provides a food service program for children in private nonprofit centers of approximately 130 homes. Financing is provided by federal funds passed through the Louisiana Department of Education.

Delta Recovery Program (5%) – Provides substance abuse treatment and education for eligible participants. Funding is provided by federal funds passed through the Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse.

Migrant Education (11%) – Provides assistance, such as housing, 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.

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.

(Continued)

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

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

Mental Health Program (.7%) – Provides assistance to mentally ill consumers in securing or maintaining housing of their choice through the provision of a flexible range of support. Funding is provided by federal funds passed through the Louisiana Department of Health and Hospitals.

B. Basis of Accounting

The financial statements of Delta 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

Delta 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 Delta's tax-exempt purpose would be subject to taxation as unrelated business income. There was no unrelated business income for the years ended June 30, 1999 and 1998.

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, Delta considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

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

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. 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 Delta 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, Delta had no significant concentrations of credit risk in relation to grant receivables.

Delta 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 \$356,782. Of this amount, \$246,269 was secured by FDIC and the remaining \$110,513 was collateralized by pledged securities. At June 30, 1998 total cash balances held at financial institutions was \$267,642. Of this amount, \$221,851 was secured by FDIC and the remaining \$45,791 was collateralized by pledged securities.

(Continued)

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

(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 those dates.

(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	\$ 16,990	\$ 3,220
Head Start program	-	1,616
Community Services Block Grant	-	7,663
Family Day Care Home Program	-	2,639
Mental Health Program	-	2,340
Low-Income Home Energy Assistance Program	488	-
	<u>\$ 17,478</u>	<u>\$ 17,478</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	\$ 8,934	\$ 3,641
Head Start Program (due from CACFP – USDA)	13,834	-
Child and Adult Care Food Program	-	30,053
Community Services Block Grant	2,022	4,991
Family Day Care Home Program	200	-
Summer Child Care Program	16,219	-
Mental Health Program	-	3,012
Low-Income Home Energy Assistance Program	1,419	931
	<u>\$ 42,628</u>	<u>\$ 42,628</u>

(Continued)

Delta Community Action Association, Inc.
Tallulah, 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:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Buildings	20-30 years	\$ 391,570	\$ -	\$ 391,570
Leasehold improvement	10-20 years	8,978	-	8,978
Furniture and equipment	5-10 years	250,976	2,834	253,810
Vehicles	5 years	260,929	-	260,929
Accumulated depreciation		(452,145)	(2,035)	(454,180)
 Net investment in property and equipment		<u>\$ 460,308</u>	<u>\$ 799</u>	<u>\$ 461,107</u>

Depreciation expense for the year ended June 30, 1999 was \$65,169.

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

Buildings	20-30 years	\$ 272,335	\$ -	\$ 272,335
Furniture and equipment	5-10 years	184,238	2,834	187,072
Vehicles	5 years	260,928	-	260,927
Accumulated depreciation		(387,518)	(1,493)	(389,010)
 Net investment in property and equipment		<u>\$ 329,983</u>	<u>\$ 1,341</u>	<u>\$ 331,324</u>

Depreciation expense for the year ended June 30, 1998 was \$67,194.

(6) Refundable Advances

Delta 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)

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

(7) Contractual Revenue – Grants

During the years ended June 30, 1999 and 1998, Delta received contractual revenue from federal and state grants in the amount of \$3,036,955 and \$2,802,706, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(8) Retirement Plan

Delta participates in a tax deferred annuity plan whereby an amount equal to 5% of the salary of eligible employees is contributed to purchase annuity contracts with an insurance company. The annuities are in the employee's name upon funding. The amount contributed for the years ended June 30, 1999 and 1998 was \$31,075 and \$31,326, respectively.

(9) 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 \$46,312 and \$39,028, respectively. The value of the commodities distributed is not reflected in the accompanying financial statements.

(10) Leases

Delta leases certain buildings and equipment under operating leases. Rental costs on those leases for the years ended June 30, 1999 and 1998, were as follows:

	1999	1998
Buildings	\$ 27,400	\$ 30,200
Equipment	11,475	15,852
	\$ 38,875	\$ 46,052

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending June 30,	
2000	\$ 4,973
2001	4,223
Total minimum future rentals	\$ 9,196

(11) Line of Credit

During the year ended June 30, 1999, the agency obtained a line of credit at a local bank, with an initial interest rate of 7.75%. The line of credit has a limit of \$50,000, with an outstanding balance at June 30, 1999 of \$50,000.

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

Assets	Head Start Program	Child Care Food Program	Summer Child Care	Community Service Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	Migrant Education	Mental Health	Commodities Distribution	General Services	Total
Current assets:												
Cash	\$ 3,576	\$ 19,885	\$ 2,790	\$ 3,975	\$ 19,059	\$ 19,038	\$ 15,084	\$ 34,118	\$ 215	\$ 5,704	\$ 93,402	\$ 216,846
Grant receivables	154,310	28,844	69,299	5,000	48,804	15,705	4,892	5,785				332,639
Due from other funds				488							16,990	17,478
Total current assets	157,886	48,729	72,089	8,975	19,547	67,842	30,789	39,010	6,000	5,704	110,392	566,963
Property and equipment:												
Property and equipment	813,994			42,799		2,855	3,273	50,282			2,084	915,287
Accumulated depreciation	(379,355)			(23,237)		(1,608)	(3,273)	(45,422)			(1,285)	(454,180)
Total property & equipment	434,639			19,562		1,247		4,860			799	461,107
Total Assets	\$ 592,525	\$ 48,729	\$ 72,089	\$ 28,537	\$ 19,547	\$ 69,089	\$ 30,789	\$ 43,870	\$ 6,000	\$ 5,704	\$ 111,191	\$ 1,028,070
Liabilities Net Assets												
Current liabilities:												
Accounts payable	\$ 76,255	\$	\$ 13,324	\$	\$	\$ 46,911	\$	\$	\$ 575	\$	\$	\$ 137,065
Accrued liabilities	(302)					2,765	5,391	5,632			15,332	28,818
Due to other funds	1,616			7,663		2,639			2,340		3,220	17,478
Line of credit			50,000									
Refundable advances	80,317	48,729	8,765	1,975	19,059	15,527	23,082	33,378	3,085			50,000
Total current liabilities	157,886	48,729	72,089	9,638	19,059	67,842	28,473	39,010	6,000		18,552	233,917
Net assets:												
Unrestricted:												
Operating				(663)	488		2,316			5,704	91,840	99,685
Fixed assets	434,639			19,562		1,247		4,860			799	461,107
Total net assets	434,639			18,899	488	1,247	2,316	4,860		5,704	92,639	560,792
Total Liabilities and Net Assets	\$ 592,525	\$ 48,729	\$ 72,089	\$ 28,537	\$ 19,547	\$ 69,089	\$ 30,789	\$ 43,870	\$ 6,000	\$ 5,704	\$ 111,191	\$ 1,028,070

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

	Head Start Program	Child Care Food Program	Summer Child Care	Community Services Block Grant	Home Energy Assistance	Family Day Care Services	Delta Recovery Program	Migrant Education	Mental Health	Commodities Distribution	General Services	Total
Revenues and Other Support:												
Contractual revenue - grants	\$ 1,357,922	\$ 113,786	\$ 173,145	\$ 152,113	\$ 171,715	\$ 557,370	\$ 146,098	\$ 335,417	\$ 21,157	\$ 8,232	\$	\$ 3,036,955
Miscellaneous revenues											5,280	5,280
Total revenues and other support	1,357,922	113,786	173,145	152,113	171,715	557,370	146,098	335,417	21,157	8,232	5,280	3,042,235
Expenses												
Salaries	632,147	70,848	126,044	85,964	55,590	101,107	11,555	49,149	11,555	5,223	11,539	1,148,166
Fringe benefits	148,587	20,108	17,722	18,645	15,247	15,804	4,311	11,610	4,311	725	(1,675)	251,084
Travel	20,385	573	822	5,930	9,563	3,000	8,934	21,274	1,514	1,690	(2,797)	61,132
Equipment	45,393	822	15,831	6,445	1,178	300	494					8,445
Occupancy	14,769			3,515	1,859	8,934	3,700	14,949	450			75,982
Telephone and postage	16,506			1,663	4,882	3,700	300		1,066			41,029
Insurance	35,493			810	206	494						17,822
Vehicle operation	95,786	194	3,289	654	2,439	980	880	14,153	22	241	509	35,987
Supplies	39,559			870	3,785	9,550	2,229	209,189	600		700	118,267
Professional services	75,382	21,107	8,864	100	462,382							264,253
Food and related supplies	64,964	1,529		2,258	171	239	2,229		2,280	1,013	8,698	558,971
Miscellaneous	54,960			2,245	171,544	571	125	5,632	875			92,245
Client assistance payments				3,464							417	174,664
Depreciation												65,169
Total expenses	1,243,931	113,786	173,145	132,563	171,715	557,941	146,223	325,956	21,157	8,892	18,907	2,914,216
Change in net assets	113,991			19,550	(571)	(125)		9,461	(660)			128,019
Net assets, beginning of year	320,648			(651)	488	1,818	2,441	7,506		6,364	94,159	432,773
Indirect cost transfer								(12,107)			12,107	
Net assets, end of year	\$ 434,639	\$	\$	\$ 18,899	\$ 488	\$ 1,247	\$ 2,316	\$ 4,860	\$	\$ 5,704	\$ 92,639	\$ 560,792

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

Delta Community Action Association, Inc.
Tallulah, Louisiana
Head Start Grant No. 06CH0393/08
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: July 1, 1998 to June 30, 1999

Revenues:	<u>Approved Budget</u>	<u>Actual</u>	<u>COB Balance Current Year</u>
Amount awarded this budget period	\$ 1,438,240	\$ 1,438,240	
Grantee's contribution	359,560	339,481	
Total revenues	<u>1,797,800</u>	<u>1,777,721</u>	
Expenses:			
Personnel	751,362	632,147	119,215
Fringe benefits	202,282	148,587	53,695
Travel	19,000	13,506	5,494
Supplies	52,400	124,918	(72,518)
Other	413,196	438,764	(25,568)
Head Start grant expenses	<u>1,438,240</u>	<u>1,357,922</u>	<u>80,318</u>
Grantee's share	<u>359,560</u>	<u>339,481</u>	
Total expenses	<u>\$ 1,797,800</u>	<u>1,697,403</u>	
Revenue over expenses		\$ 80,318	
Fund balance, beginning July 1, 1998		155,056	
Reprogrammed 06CH0393/07		<u>(155,056)</u>	
Fund balance, ending June 30, 1999		<u>\$ 80,318</u>	

Delta Community Action Association, Inc.
Tallulah, Louisiana
Child and Adult Care Food Program
Head Start Food Service
Louisiana Department of Education
Schedule of Revenues and Expenditures
For the Contract Period: October 1, 1997 to September 30, 1998

Revenue:

Contract revenue	\$ 162,862
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Expenses:

Salaries	67,147
Fringe benefit	18,028
Other administrative costs	544
Non food supplies	27,689
Food service costs	49,454

Total expenses	<u>162,862</u>
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Excess revenue (expenses)

Fund balance, beginning October 1, 1997

Fund balance, ending September 30, 1998

<u>\$</u>

Delta Community Action Association, Inc.
Tallulah, Louisiana
Summer Child Care Program
DOA No. 355-700328
Louisiana Department of Social Services
Office of Family Support
Schedule of Revenues and Expenditures
For the Contract Period: July 1, 1998 to June 30, 1999

Revenue:

Contract revenue	\$ 162,941
Other revenue	11,470
Total revenue	174,411

Expenses:

Salaries	126,044
Fringe benefit	17,722
Travel	573
Operating services	15,831
Supplies	3,289
Equipment	822
Other	8,864
Total expenses	173,145

Excess revenue (expenses)	1,266
Fund balance, beginning July 1, 1998	7,499
Fund balance, ending June 30, 1999	\$ 8,765

Delta Community Action Association, Inc.
Tallulah, Louisiana
Community Services Block Grant
Department of Labor
Contract No. 98N0038
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Contract Period: January 1, 1998 to December 31, 1998

Revenues:	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over) Under Budget</u>
Contract revenue		\$ 150,649	
Total revenue		<u>150,649</u>	
Expenses:			
Administration:			
Salaries	67,678	67,193	485
Fringe benefits	19,500	17,494	2,006
Travel	7,800	4,496	3,304
Equipment purchase	29,500	29,071	429
Other support costs	13,831	11,585	2,246
Total administration	<u>138,309</u>	<u>129,839</u>	<u>8,470</u>
Program activities:			
Salaries	14,910	14,334	576
Fringe benefits	3,556	1,981	1,575
Travel	1,200	172	1,028
Equipment purchases	4,500		4,500
Other support costs	500		500
Activities	5,000	3,191	1,809
Total program activities	<u>29,666</u>	<u>19,678</u>	<u>9,988</u>
Community food and nutrition	<u>1,397</u>	<u>100</u>	<u>1,297</u>
Total expenses	<u>\$ 169,372</u>	<u>149,617</u>	<u>\$ 19,755</u>
Excess revenue (expenses)		1,032	
Fund balance, January 1, 1998		<u>(663)</u>	
Fund balance, December 31, 1998		<u>\$ 369</u>	

Delta Community Action Association, Inc.
Tallulah, Louisiana
Low Income Home Energy Assistance Program
Louisiana Department of Social Services
Office of Community Services
CFMS No. 528383
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Contract Period: January 1, 1998 to December 31, 1998

Revenues:	Budget	Actual	(Over) Under Budget
Contract revenue		\$ 213,727	
Expenses:			
Administrative costs	\$ 19,545	434	\$ 19,111
Services	203,384	194,234	9,150
Total expenses	\$ 222,929	194,668	\$ 28,261
Excess revenue (expenses)		19,059	
Fund balance, beginning January 1, 1998		6,256	
Funds returned, February 2, 1998		(5,343)	
Funds returned, March 11, 1998		(426)	
Fund balance, ending December 31, 1998		\$ 19,546	

Delta Community Action Association, Inc.
Tallulah, Louisiana
Family Day Care Home Program
Louisiana Department of Education
Schedule of Revenues and Expenditures
For the Period: October 1, 1997 to September 30, 1998

Revenue:

Contract revenue	\$ 593,707
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Expenses:

Salaries	60,249
Fringe benefit	16,864
Travel	9,835
Office costs	14,638
Operating costs	4,286
Provider payments	486,602

Total expenses	<u>592,474</u>
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Excess revenue (expenses)	<u>\$ 1,233</u>
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Delta Community Action Association, Inc.
Tallulah, Louisiana
Delta Recovery Center
DHH Contract No. 351900474
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Contract Period: July 1, 1998 to June 30, 1999

	Budget	Actual	Actual (Over) Under Budget
Revenue:			
Contract revenue		\$ 146,675	
Expenses:			
Salaries	\$ 100,440	\$ 101,107	\$ (667)
Fringe benefit	17,075	15,804	1,271
Travel	3,000	3,000	
Operating services	14,771	14,048	723
Supplies	1,200	980	220
Professional services	9,314	9,530	(216)
Capital outlay	3,200		3,200
Total federal expenditures	\$ 149,000	144,469	\$ 4,531
Miscellaneous non-federal expenses		1,629	
Total expenditures		146,098	
Excess revenue (expenses)		577	
Fund balance, beginning July 1, 1998		24,821	
Fund balance, ending June 30, 1999		\$ 25,398	

Delta Community Action Association, Inc.
Tallulah, Louisiana
Mental Health Program
DHH Contract No. 330900614
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Contract Period: July 1, 1998 to June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Actual (Over) Under Budget</u>
Revenue:			
Contract revenue		\$ 22,147	
Expenses:			
Salaries	\$ 12,854	\$ 11,555	\$ 1,299
Fringe benefit	3,090	4,310	(1,220)
Travel	2,340	1,514	826
Operating services	2,100	1,211	889
Supplies	400	22	378
Professional services	600	600	
Administrative	2,916	1,944	972
Total expenditures	<u>\$ 24,300</u>	<u>21,156</u>	<u>\$ 3,144</u>
Excess revenue (expenses)		991	
Fund balance, beginning July 1, 1998		<u>2,094</u>	
Fund balance, ending June 30, 1999		<u><u>\$ 3,085</u></u>	

Delta Community Action Association, Inc.
Tallulah, Louisiana
Temporary Emergency Food Assistance Program
Commodities Program
Schedule of Revenues, Expenses and Changes in Fund Balance
For the Period: July 1, 1998 to June 30, 1999

Revenue:

Contract revenue	\$ 8,232
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Expenses:

Salaries	5,222
Fringe benefits	725
Travel	1,690
Supplies	241
Other expenses	1,014
	8,892
Total expenses	8,892

Excess revenue (expenses)	(660)
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Fund balance, July 1, 1998	6,364
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Fund balance, June 30, 1999	\$ 5,704
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Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Program:			
Head Start (Fy 6-30-99)	93.600	06CH0393/08	\$ 1,357,922
Passed through Louisiana Department of Labor			
Community Services Block Grant (Fy 12-31-98)	93.569	98N0038	93,563
Community Services Block Grant (Fy 12-31-99)	93.569	99N0038	57,518
Passed through Louisiana Department of Social Services, Office of Community Services			
Home Energy Assistance Program - Energy (Fy 12-31-98)	93.568	528383	171,715
Passed through Louisiana Department of Social Services, Office of Family Support			
Summer Child Care Program (Fy 6-30-99)	93.596	355700328	173,145
Passed through Louisiana Department of Health and Hospitals, Office of Mental Health			
Mental Health Program	93.958	330900614	21,156
Passed through Louisiana Department of Health and Hospitals, Division of Alcohol and Drug Abuse			
Delta Recovery Center (Fy 6-30-99)	93.959	351900474	144,469
<u>U.S. Department of Education</u>			
Passed through Louisiana Department of Education:			
Migrant Education	84.011	FY-98 and FY-99	335,417

(Continued)

Delta Community Action Association, Inc.
Tallulah, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Child and Adult Care Food Program (FDCH) (Fy 9-30-98)	10.558	Unknown	151,930
Child and Adult Care Food Program (FDCH) (Fy 9-30-99)	10.558	Unknown	405,441
Child and Adult Care Food Program (Head Start) (Fy 9-30-98)	10.558	Unknown	34,056
Child and Adult Care Food Program (Head Start) (Fy 9-30-99)	10.558	Unknown	79,731
Passed through Louisiana Department of Agriculture and Forestry			
Temporary Emergency Food Assistance Program	10.568	Unknown	8,892
Food Distribution - Value of Commodities Distributed	10.550	Unknown	46,312
Total federal expenditures			<u>\$ 3,081,267</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, Delta had no food commodities in inventory.

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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
Delta Community Action Association, Inc.
Tallulah, Louisiana

We have audited the financial statements of Delta Community Action Association, Inc. as of and for the year ended June 30, 1999, and have issued our report thereon dated November 5, 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 Delta 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 Delta 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 certain other matters involving the internal control over financial reporting that we have reported to the management of Delta Community Action Association, Inc., in a separate management letter dated November 5, 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
November 5, 1999

COOK & MOREHART

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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
Delta Community Action Association, Inc.
Tallulah, Louisiana

Compliance

We have audited the compliance of Delta 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. Delta Community Action Association, 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 Delta Community Action Association, Inc.'s management. Our responsibility is to express an opinion on Delta 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 Delta 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 Delta Community Action Association, Inc.'s compliance with those requirements.

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

Internal Control Over Compliance

The management of Delta 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 Delta 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.



Cook & Morehart
Certified Public Accountants
November 5, 1999

Delta Community Action Association, Inc.
Tallulah, Louisiana
Summary Schedule of Prior Audit Findings
June 30, 1999

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

Schedule of Findings and Questioned Costs
June 30, 1999

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Delta 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 Delta Community Action Association, Inc. were disclosed during the audit.
4. No reportable conditions 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 program for Delta Community Action Association, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Delta Community Action Association, Inc. reported in Part C. of this Schedule.
7. The programs tested as major programs included: 1) Head Start Program CFDA #93.600, 2) Migrant Education CFDA #84.011, and 3) Child and Adult Care Food Program (FDCH and Head Start) CFDA #10.558.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Delta Community Action Association, Inc. qualifies as a low-risk auditee.

B. Findings – Financial Statements Audit

NONE

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

NONE

Delta Community Action Association, Inc.
Tallulah, 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 six management letter comments in the previous audit for the year ended June 30, 1998, as follows:

Prior Year Comment #1 – Held Checks

Improvement was noted in this area this year.

Prior Year Comment #2 – Fixed Assets

Repeat comment in current year management letter.

Prior Year Comment #3 – Payroll Transactions

Much improvement was noted in this area this year.

Prior Year Comment #4 – Financial Reports

Improvement was noted in this area this year.

Prior Year Comment #5 – Migrant Cash Management

Improvement was noted in this area this year.

Prior Year Comment #6 – Migrant Education Program

Resolved satisfactorily this year.

Delta Community Action Association, Inc.
Tallulah, 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 as follows:

Comment #1 – Fixed Assets

Each Program Director has been instructed to report any change in acquisition or depletion of inventory items to the inventory clerks, (one which has been given the inventory clerk job) as they happen. At the end of each fiscal year this inventory is to be checked and any discrepancies handled at that time.

Comment #2 – Head Start In-kind

The in-kind was not turned into the Main Office on a timely basis. The staff has brought in the in-kind in question and we now have on hand the required in-kind.

Comment #3 – Family Day Care Home Program Files

A system has been established where the files are generated by monitors monthly. All files are reviewed by program director to determine whether files are complete with proper documentation. If proper documentation is there, program director will initial and date review sheet. If files are not complete, program directors will notify monitor in writing information that is needed and the date it must be placed in file. The next month the file will be reviewed for completeness.

Comment #4 – CSBG Bank Account

CSBG did have one outstanding check issued in December 1998. The providers notified DCAA that the check had been misplaced, and that they were trying to find it. The provider was told that if the check was not located to come to DCAA and the copies of the check in question would be voided and a new check issued to them. Provider was contacted again and has not come in as of this date.

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Management Letter

November 5, 1999

Board of Directors
Delta Community Action Association, Inc.
Tallulah, Louisiana

We have audited the financial statements of Delta Community Action Association, Inc. (Delta), for the year ended June 30, 1999, and have issued our report thereon dated November 5, 1999. In planning and performing our audit of the financial statements of Delta 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 certain matters were noted involving internal controls over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control or operations of Delta. These comments have been discussed with the appropriate members of management.

(1) Fixed Assets

Delta does not have procedures in place to ensure that an agency-wide fixed asset inventory is conducted at least once every two years. They do have listings of assets acquired by each program, but these listings are not current and are not updated for new additions or retirements. They also have not adopted a formal capitalization policy.

We recommend that Delta implement adopt a capitalization policy for the agency and implement procedures to ensure that a complete fixed asset inventory is done at least once every two years. We also recommend that specific personnel be assigned the duties of updating the fixed asset records on a timely basis.

(2) Head Start In-Kind

When we arrived to perform the audit, the agency could not provide us with supporting documentation to prove that they had met the required in-kind match for the Head Start program. They were subsequently able to provide us with the necessary documentation and they did meet the required match. However, there was not a proper monitoring and tracking system in place during the year to ensure that the match would be met.

We recommend that the agency establish a proper monitoring system for the in-kind match to ensure that the match will be met during the grant period.

(3) Family Day Care Home Program Files

During our compliance testing of Family Day Care Home provider files, we noted that certain forms could not be located in the provider files, including enrollment forms, employment verifications, and tier determination forms. Thus the files were not in a proper order to allow for adequate testing.

We recommend that the agency establish proper monitoring procedures whereby someone independent of file preparation be assigned review files for proper documentation.

(4) CSBG Bank Account

The bank account for the CSBG 1998 grant had not zeroed out as of June 30, 1999. There was one outstanding check, check #3142 for \$1,620 which had not cleared as of June 30, 1999.

We recommend that the agency contact their funding source for resolution.

We express sincere thanks to Delta 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